

Daily Report

China

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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General

Foreign Cooperation Helps Mineral Exploitation

OW1808091393 Beijing XINHUA in English 0827
GMT 18 Aug 93

[Text] Beijing, August 18 (XINHUA)—Thanks to help from the United Nations and Italy, Tianjin, north China's largest industrial center, has developed a geothermal plant that now heats 1.5 million sq m [square meters] of housing.

The U.N. Development Program (UNDP) and the Italian Government provided 6.1 million U.S. dollars in aid to the geothermal project to promote hothouse farming and fish breeding as well. In the past, terrestrial heat had been used only in some of the city's printing and dyeing mills.

Besides Tianjin, geology and mineral resources ministry officials told XINHUA, the UNDP is also helping develop geothermal energy near Lhasa, capital of the Tibet Autonomous Region, where a geothermal power station is already operational.

According to the officials, the ministry has signed bilateral co-operation agreements with 36 countries, and Chinese geologists have had exchanges with their counterparts in 116 countries since 1978. The Tianjin and Tibet projects are among well over 100 co-operation projects already completed.

However, said the officials, the best examples are in petroleum prospecting and development, involving the UNDP, the United States, Japan, the Netherlands and Russia. These projects are concentrated in the East China Sea and the Tarim Basin in China's far northwest.

The UNDP aided China in sinking two demonstration wells by using the latest drilling and other techniques in the Tarim Basin. Using underwater systems acquired from the United States on domestic drilling rigs, Chinese workers have sunk a 5,000-m-deep well in the East China Sea.

The "Tianwaitian No. 1" well is one of several dug with the aid of the American systems, and all of them are now producing, said the officials.

Prospecting jointly undertaken by Chinese and American experts over the past decade has resulted in the discovery in the East China Sea of three oil- and gasfields and four oil and gas strata, with oil reserves amounting to several billion tons and gas reserves to several hundred billion cu m [cubic meters], the officials said.

In the Tarim Basin discoveries include 40 oil and gas strata. The basin, with three zones determined by Chinese and foreign geologists as worth prospecting, "promises oil and gas reserves as large as the major Chinese fields now being exploited," said the officials.

International co-operation also covers research in the basic theories of geological sciences, application of computer technology to geological work and processing and multi-purpose utilization of minerals, the officials added.

They made a special mention of what is known to experts as "leaching technology" for treating low-grade gold ore.

The technology was developed by American experts in the mid- 1970s, and was introduced to China in 1980 by U.N. geologists. It is now used in 70 Chinese mines.

Moreover, said the officials, Chinese experts have renovated the technology in such a way as to enable it to treat more than 100,000 tons of low-grade ore at a time.

UNDP Sponsors Meeting To Plan Tumen Project

OW1808093993 Beijing XINHUA in English 0901
GMT 18 Aug 93

[Text] Changchun, August 18 (XINHUA)—More and more investors from different countries and regions are casting their eyes on the Northeast Asian region in view of a gigantic plan for its economic expansion.

Under the auspices of the United Nations Development Program (UNDP), experts from five Northeast Asian countries—China, Russia, the Democratic People's Republic of Korea, the Republic of Korea and Mongolia—sat down together to plan a new international free port zone on the Tumen River Delta on the Sea of Japan. The 30-billion-U.S.-dollar project is expected to start implementation in September.

Northeast Asian countries have shown great interest in the blueprint for an international economic circle with the Tumen Delta at its center. Media in Japan, the Republic of Korea, Hong Kong, Taiwan and Southeast Asian countries have reacted positively to the plan.

Prompted by convenient access to the huge market in northeast Asia through the Tumen area, business people from many countries are probing the prospects of the project.

The UNDP resident representative's office in Beijing has had an influx of letters and faxes from international conglomerates inquiring about the feasibility of investment in the Tumen Delta. Among the big names are the World Bank, the International Monetary Organization and the Asian Development Bank.

Many private investors have contacted the major designer of the U.N. sponsored project, Prof. Ding Shicheng, director of Jilin Province's Science and Technology Commission.

Bright investment prospects have boosted tourism in the region. Since last summer the local railways and airports have been hard put to handle the thousands of tourists flocking into the delta.

The airport in Yanji, in Jilin Province, is being expanded, for completion in November. The plan is to turn the airport into an international one.

According to local sources, many of the overseas passengers come to the area to gain first-hand knowledge of the investment environment there.

Hunchun city, located on the Tumen Delta, has received over 45,600 overseas visitors since May. Total investment from outside the city has surged to 1.8 billion U.S. dollars.

Japan is paying special attention to the development of the Tumen River area. Several Japanese strategic study institutes are now working on the prospects for economic growth in the area. They have been exchanging information with relevant Chinese departments and introducing investment.

Japanese investors have a special interest in railway and port development in the area. Japan has provided 50 million U.S. dollars in loans to fund the construction of a China-Russia railway to link up with the Russian ports on the Sea of Japan.

Finland, seeking new investment opportunities, has provided funds for the UNDP to study development prospects for the Tumen Delta. It has sent personnel to attend all the international symposiums on the Tumen area held by the UNDP.

The Republic of Korea has taken the lead in investing in the area. It has funded the largest foreign investment project in Jilin Province, a neighbor to Russia and the Democratic People's Republic of Korea.

Recently the Man Kwang Development Company Ltd and the Dai Shin Company Ltd from the Republic of Korea submitted a feasibility report for building an international airport that will handle 50 million passengers a year. They spent 100,000 U.S. dollars for compiling the report.

Cai Zhu Zhe [name as received], manager of the Republic of Korea's Sang Bang Wool Knitting Company Ltd, said that he invested in the area because of convenient access to markets in China and Europe, the convenience of communicating with local ethnic Koreans and the rich power and water resources in the area.

Chinese enterprises are also eager to go into the area.

The Anshan Iron and Steel Company, the largest steel company in China, set up a real estate development company in Hunchun in June last year. The company has invested over 40 million yuan to build 5,000 sq m [square meters] of apartments in the city, which will be completed next month.

"Our aim is to put the Anshan Steel Company into the international market through the future development of the Tumen Delta," said Dai Junnan, deputy general manager of the company.

United States & Canada

Jiang Zemin Receives U.S. Representatives

Says Ties Need 'Mutual Trust'

OW1808074393 Beijing XINHUA in English 0725 GMT 18 Aug 93

[Text] Beijing, August 18 (XINHUA)—Chinese President Jiang Zemin said here today that the relations between China and the United States must be based on mutual trust.

He made the remark at a meeting with a delegation from the Trade Subcommittee of the Ways and Means Committee of the U.S. House of Representatives led by its chairman Sam Melville Gibbons, here this morning.

During the meeting Jiang and his guests had a conversation in a friendly and candid way, mainly focusing on the growth of bilateral relations and issues of common concern, according to the Chinese Foreign Ministry.

Jiang said that to grant each other most-favored-nation trading status is a fair and mutually beneficial arrangement in accordance with a trade agreement signed between the two countries. The agreement, he added, has for years played a vital role in expanding bilateral trade and economic ties.

The facts show that maintaining such treatment will help promote bilateral trade and economic ties, he said.

Gibbons, who first visited China in 1977, said that he has witnessed great progress China has made in every field during his current trip.

He expressed the hope that the two nations will continue to maintain friendship and promote links in trade, business and other fields.

Denies Ship Carries Chemicals

OW1808121693 Tokyo KYODO in English 1156 GMT 18 Aug 93

[Text] Beijing, Aug. 18 KYODO—President Jiang Zemin told a delegation of nine U.S. Congressmen on Wednesday [18 August] that a suspect Chinese cargo ship is not carrying ingredients used to make chemical weapons.

"General Secretary (Jiang) said there are no chemical weapons aboard that ship," Congressman Sam Gibbons told reporters after talks with the Chinese president, who also serves as Communist Party boss.

Jiang was referring to the Yinhe, a cargo ship which has been afloat in the Gulf of Oman for nearly two weeks and which the United States has accused of carrying two banned substances used in chemical weapons.

The shipment is believed to be bound for Iran.

The Chinese side has adamantly denied the accusations and protested against U.S. interference in the matter, calling the U.S. "A self-appointed global policeman."

The U.S. first brought the matter to Chinese attention during the last week of July and has since denied that it has interfered with the progress of the ship, while admitting that the U.S. Navy is monitoring its movements.

Last week the United Arab Emirates denied the ship docking privileges to its ports, which are main transfer points for Iranian-bound containers.

The Chinese side claims that the Iranian-bound containers are carrying nothing more than paper goods, hardware and machine parts and say that the U.S. has refused a third country inspection.

The controversy has highlighted U.S. determination to uphold internationally recognized weapons proliferation agreements, like the chemical weapons convention, which China recognizes.

Last month the U.S. accused China of violating the guidelines of the missile technology control regime by selling missile components to Pakistan.

Jiang, the highest Chinese leader to comment on the chemical weapons controversy, made the statement to the delegation which is comprised of trade subcommittee members of the House of Representatives' Ways and Means Committee.

The members arrived in Beijing on Sunday for a five-day visit.

Editorial: U.S. 'Mistaken' Over Merchant Ship

*HK1808095193 Hong Kong WEN WEI PO in Chinese
18 Aug 93 p 2*

[Editorial: "Excuse for Intercepting Merchant Ship Is Absurd"]

[Text] Eight days after leaving Xingang on its way to Kuwait, China's cargo liner the Yinhe was shadowed, interfered with, and photographed by U.S. warships and aircraft. In the meantime, the United States made many complaints to China, charging that the Yinhe cargo liner is carrying thiodiglycol and thionylchloride, chemical weapons materials, to Iran. The United States has also made the unreasonable demands that first, the Chinese side call the Yinhe back; second, it allow an inspection by U.S. personnel on board the ship; and, third, the United States be allowed to take action to stop the chemicals from falling into inappropriate hands.

The Chinese side has responded to the unreasonable U.S. acts very solemnly. The first step was that it has checked and inspected the Yinhe's shipping bill, bill of lading, list of cargo owners, and the port of unloading; and has informed the U.S. side of results of the inspections. Moreover, in an interview with a Voice of America

reporter, Chinese Assistant Foreign Minister Qian Huasun also mentioned details of the Yinhe's cargo.

The Chinese side's second step was that the Chinese merchant ship continued on its journey to the original port without fearing the threat of U.S. warships and aircraft.

The Chinese side's third step was to lodge a protest through diplomatic means, demanding that the U.S. side be held responsible for all consequences caused, including repaying the enormous economic losses suffered by the Chinese side. The Chinese side has made a positive proposal that in order to eliminate the consequences caused by incorrect intelligence, all cargoes be inspected by a third party after the Yinhe has unloaded them at the port to see whether the ship contains thiodiglycol and thionylchloride as alleged by U.S. intelligence.

The Chinese side's attitude and way of handling the matter is fair and reasonable. If the United States respects international law, it should handle the matter in keeping with international practice. If not, it defies laws. If the United States' sea-bully logic stood at a time when it claims its act conforms to international law, then the world order would be completely disrupted and any country could follow suit by falsely charging that the merchant ships of another country carry contraband goods and intercept them with warships and aircraft so that they could not enter their ports of destination and they could only return to their ports of departure. By returning to the ports of departure, these countries would have "no proof whatsoever" and would suffer enormous losses and could not vindicate the unredressed injustice. If we allowed such a matter to become legal, then the world would only become one of sea bullies and the sailing right of regular merchant ships would be infringed on and free trade would be trampled on. This U.S. practice shows that the United States wants to obtain the authority of "world judge" and "world policeman" on the excuse of the Yinhe incident, and that as long as U.S. intelligence says you are wrong, you are wrong. This is the greatest of dictatorship and the dictatorship of a superpower over numerous other Third World countries. It is, as we can say, extremely ironic that the United States, which mentions "democracy" every day, could have perpetrated this imperious and arbitrary act.

How on earth did the United States get the intelligence? How credible is it? China has made a solemn and just refutation that the so-called "intelligence" of the U.S. side is all erroneous. First, it has a mistaken idea of what type of ship the Yinhe is and is mistaken regarding its navigation route. The Yinhe is a container ship, not a bulk cargo ship, and it cannot reach a port without a container terminal. Iran's Bandar Abbas has no facilities to load and unload containers, whereas the "intelligence" says that the Yinhe's cargo is being transported to Bandar Abbas. The Yinhe is a regular ship whose route is

Xingang-Shanghai-Hong Kong- Singapore-Jakarta-Dubai-Ad Dammam-Kuwait. But the "intelligence" says the ship departed from Dalian for Bandar Abbas. It did not name the ports of departure and destination correctly. Third, the "intelligence" about the loaded commodities is most erroneous. Eighty percent of the containers on board the ship are being shipped to Dubai, 24 containers of which are stationery, metals, and machine parts to be unloaded at Dubai.

If the United States wants to find the truth, it should allow facts to verify whether its intelligence is correct or not and should allow the Yinhe to follow its course right to Dubai, the United Arab Emirates, and then let a third party examine the shipping list and cargo to see whether they contain thiodiglycol and thionylchloride. But the United States is impervious to reason and has put pressure on Dubai so that it did not allow the Yinhe to sail to the port. The United States has also used warships to shadow and interfere with the ship with the result that it could not obtain supplies and ran out of water and oil. Moreover, it demanded that the ship sail back to China. The United States did the evil and covered it up simultaneously. If it allows the Yinhe to unload its cargo in the Middle East and then has it inspected by a third party, the U.S. "intelligence" will go bankrupt.

The Yinhe incident is a farce staged by U.S. politicians in an attempt to vilify China. Not happy at the failure to obstruct China from winning as host country for the Olympic Games that resulted from recent just criticisms from the world and at home, they fabricated the Yinhe incident. Now that China has solemnly put forward a proposal for the resolution of the issue, the United States should stop obstructing the Yinhe from berthing at Middle East ports, justly and reasonably resolve the issue, and prevent the matter from worsening.

Qian Qichen Meets U.S. House Committee Members

OW1708133893 Beijing XINHUA Domestic Service in Chinese 1209 GMT 17 Aug 93

[By reporter Zhang Yijun (1728 4135 0193)]

[Text] Beijing, 17 Aug (XINHUA)—In a meeting at Zhongnanhai this afternoon with a delegation of the U.S. House of Representatives' Intelligence Committee, Qian Qichen, Chinese vice premier and foreign minister, expressed his hope that the U.S. side will act strictly in accordance with the "August 17" communique on the question of arms sales to Taiwan.

On 17 August 1982, China and the United States issued a "Joint Communique of the People's Republic of China and the United States of America," or the "August 17" communique for short. The communique announced that the two sides had reached agreement on settling the issue of U.S. arms sales to Taiwan step by step until its final, thorough solution [fen bu zhou zhi zhi zui hou che di jie jue 0483 2975 7532 4160 5267 2584 0683 1796 1646 6043 0414].

Qian Qichen said: Today happens to be the 11th anniversary of the publication of the communique. Some people in the United States today are proposing to revise this communique. This will not only create trouble [ma fan 7802 3565] for China but will also bring trouble to the United States itself.

He pointed out: China and the United States, two important countries, should establish good relations. To establish this kind of relations, it is necessary to increase mutual trust and to reduce trouble with each other.

Qian Qichen also said: It is impossible to completely avoid trouble between countries, but trouble should be reduced to a minimum.

He hoped that both China and the United States will make more efforts toward this goal and that the U.S. Congress will also make more efforts in this regard.

Dan Glickman, chairman of the U.S. House of Representatives' permanent Select Committee on Intelligence, said that the United States attaches importance to developing relations with China. He indicated that his committee is ready to make more contributions to pushing forward relations between the United States and China.

Glickman led a delegation to China at the invitation of the Chinese People's Institute of Foreign Affairs. The delegation arrived in Beijing on 16 August.

U.S. Representative Urges PRC To Accept Dissident

HK1808070893 Hong Kong AFP in English 0427 GMT 18 Aug 93

[Text] Hong Kong, Aug 18 (AFP)—China should let dissident labor activist Han Dongfang return home soon before his case flares into an "international game of pingpong," a U.S. congressman said here Wednesday [18 August]. Gary Ackerman, chairman of the Asia-Pacific subcommittee of the House of Representatives' foreign affairs committee, who travelled to Beijing last week, told reporters he met Han in Hong Kong for three hours Tuesday and feared he was being declared stateless by his own country.

"We in the United States believe he has every right (to return home). It's his right," said Ackerman, who is influential in shaping U.S. policy towards China on Capitol Hill. "We do not want this to turn into an international game of pingpong, with Mr. Han being the ball," he said.

Han, a leader of the 1989 democracy protests in Tiananmen Square, was returning home to Beijing after a year in the United States for medical treatment when he was expelled Saturday by police in Guangzhou. Police accused him of engaging in "subversive activities" abroad, a charge repeated to Han on Tuesday by the Hong Kong branch of the XINHUA NEWS AGENCY, China's de facto consulate in the British colony. Han denies the charge, and plans not to renew his Hong Kong

transit permit when it expires Saturday—thus making himself an illegal immigrant who, under Hong Kong law, would face deportation to China.

In a statement Tuesday in Washington, the U.S. State Department deplored Han's expulsion, saying it violated the Universal Declaration of Human Rights which states that everyone has a right to return to their country.

Ackerman, a Democrat from New York, said he personally has sent a letter along the same lines to Beijing, where he met Communist Party General Secretary and state President Jiang Zemin when he was there Friday through Monday.

Nicknamed China's Lech Walesa, Han—who turns 30 on Thursday—was founder of the Beijing Autonomous Workers' Union. Beijing allowed him to go to the United States last September for treatment of a drug-resistant strain of tuberculosis which he contracted during 22 months' imprisonment for his role in the democracy movement.

Human rights activists say his attempt to return home is a test of China's sincerity in allowing dissidents to end their lives in exile abroad without fear of harassment.

Central Eurasia

Zhang Wannian Visits Russian Defense Minister

OW1708152693 Beijing XINHUA in English 1455
GMT 17 Aug 93

[Text] Moscow, August 17 (XINHUA)—The Chief of General Staff of the Chinese People's Liberation Army, General Zhang Wannian, met today with Russian Defense Minister Pavel Grachev for talks on promoting cooperative relations between the armies of the two countries.

Zhang left here today for Helsinki for a three-day visit to Finland after concluding his nine-day visit in Russia.

At the talks, Grachev said that developing relations with China was one of the major directions of Russia's foreign policy and that Russia desires to further develop friendly and good-neighborly relations with China on the basis of equality, mutual benefits, respect and trust.

The military cooperation between Russia and China was not directed against a third party and was conducive to the promotion of peace and stability in Asia, the Russian minister said.

Zhang shared the view with Grachev by saying that to positively develop Sino-Russian ties was in the interests of both peoples and was also conducive to Asian peace and stability.

He stressed that China would like to develop, in any case, stable and friendly relations with Russia based on the five basic principles of peaceful coexistence.

After his meeting with Grachev, Zhang also had conclusive talks with his Russian counterpart, Mikhail Kolesnikov. Both men exchanged views on developing Sino-Russian military cooperation.

Zhang and his party arrived here on August 9 for a goodwill visit during which they visited armed forces and military institutes in Moscow, St. Petersburg and Volgograd.

Li Tieying Meets Azerbaijani Cultural Minister

OW1708031993 Beijing XINHUA in English 0247
GMT 17 Aug 93

[Text] Beijing, August 17 (XINHUA)—Li Tieying, Chinese state councillor and minister in charge of the State Commission for Economic Restructuring, met with Polad Byul-Byul, visiting minister of culture of the Republic of Azerbaijan, and his party here today.

Li exchanged views with the Azerbaijan visitors on enhancing cultural and other ties between the two countries.

After the meeting, Chinese Minister of Culture Liu Zhongde and his Azerbaijan counterpart signed a cultural agreement between the two countries on behalf of their respective governments.

Byul-Byul and his party arrived in China August 13 as guests of the Chinese Ministry of Culture. Before their arrival here, they had visited Urumqi, the capital of the Xinjiang Uygur Autonomous Region, and Tianjin, a port city to the East of Beijing.

Northeast Asia

Zou Jiahua Receives ROK Construction Minister

OW1808094093 Beijing XINHUA in English 0904
GMT 18 Aug 93

[Text] Beijing, August 18 (XINHUA)—Vice-Premier Zou Jiahua had a talk with Ko Pyong-u, minister of construction of the Republic of Korea, and his party on promoting bilateral economic cooperation and trade here today.

Present on the occasion was Hou Jie, Chinese minister of construction.

Ko and his party, who arrived here yesterday, are scheduled to leave for Tianjin tomorrow where he will attend a ceremony for starting the construction of an industrial garden in the city's development zone.

Zhao Dongwan Hosts Dinner for ROK Assemblymen

OW1708130693 Beijing XINHUA in English 1200
GMT 17 Aug 93

[Text] Beijing, August 17 (XINHUA)—Zhao Dongwan, chairman of the Education, Science, Culture and Public

Health Committee of China's National People's Congress (NPC), met with and hosted a dinner for a delegation from the National Assembly of the Republic of Korea (ROK) here this evening.

The delegation, headed by Han Kyu-kim, member of the ROK National Assembly and also chairman of the Assembly's Health and Social Welfare Committee, arrived here this afternoon. They are also scheduled to visit Shanghai.

Jilin Secretary Hosts DPRK-Bound Delegation

SK1508232993 Changchun JILIN RIBAO in Chinese
23 Jul 93 p 1

[Text] An eight-member Jilin provincial friendly delegation with Governor Gao Yan as the leader and Liu Jisheng, chairman of the provincial Planning and Economic Commission, as the deputy leader, left Changchun for the DPRK for friendly visit on 22 July.

This delegation was invited by Chagang Province, Yanggang Province, and North Hamgyong Province of the DPRK to make friendly visits in the border areas of these three provinces. The delegation will also go to Pyongyang to attend the celebration activities to mark the 40th anniversary of victory of the war of liberation of the Korean fatherland. During its visit in the DPRK, the delegation will pay official visits to the Ministry of Foreign Affairs, the Ministry of Foreign Trade, and other relevant departments; meet with leaders of the three provinces; and extensively exchange views with them on strengthening friendship, promoting mutual contacts expanding economic, trade, communications, and tourist cooperation and jointly building and developing the Tumen Jiang Economic Zone.

The delegation's visit is one of the important foreign activities of our province after the establishment of its strategic objective of building a developed border province near the sea. It will surely produce positive influence in strengthening harmonious and friendly relations between China and the DPRK, further developing contacts and cooperation in the border areas, and accelerating the pace of opening up the border areas to reach the sea.

Before the delegation's departure, He Zhukang, secretary of the provincial party committee; Liu Xilin, member of the standing committee of the provincial party committee and vice governor; Su Rong, member of the standing committee of the provincial party committee and secretary general of the provincial party committee; Gu Changchun, vice chairman of the provincial people's congress; Sang Fengwen, secretary general of the provincial government; and other comrades held a send-off party for Governor Gao Yan at Songyuan Hotel. Comrade He Zhukang wished the delegation a successful visit on behalf of the provincial party committee and the provincial government. Sonu Chung-kuk, chief consul of

the DPRK Consulate in Shenyang, and Consul Sim Song-il, made a special trip to Changchun to see the delegation off.

Near East & South Asia

Jiang Receives Envoys From Sudan, Kuwait, Qatar

OW1708040493 Beijing XINHUA in English 0251
GMT 17 Aug 93

[Text] Beijing, August 17 (XINHUA)—Chinese President Jiang Zemin received credentials presented by three new ambassadors to China at the Great Hall of the People here this morning.

The new ambassadors were Ghazi Al-Rayyis of Kuwait, 'Abd-al- Rahman M. Al-Khalifah of Qatar and Ali Yousuf Ahmad of the Sudan.

Sub-Saharan Africa

Hu Jintao Meets South African Communist Envoy

Envoy Relays Mandela Message

OW1708134793 Beijing XINHUA Domestic Service in Chinese 1147 GMT 17 Aug 93

[Text] Beijing, 17 Aug (XINHUA)— South African Communist Party Chairman Joe Slovo transmitted an open statement by Nelson Mandela, president of the African National Congress of South Africa [ANC], when he met with Hu Jintao, member of the Standing Committee of the Political Bureau of the CPC Central Committee in Beijing this afternoon.

Mandela emphatically pointed out: We will not forsake old friends. We will not forget that it is precisely the People's Republic of China which has paid a great price for isolating the apartheid system and fulfilling the internationalist obligation of supporting the struggle of the people of our country. We also will not forget that the rulers of Taiwan Island have constantly given support to South African racism and the apartheid system.

Mandela said: Our policy is clear-cut and unchangeable. When the new democratic system takes place next year, it will act in accordance with the historical relations between the people of our country and the Chinese people and will follow the principles adopted by the overwhelming majority of countries in the world in developing relations with China.

Mandela pointed out: In short, the new South Africa will correct the historical injustice in relations with China caused by the diplomatic recognition of Taiwan by the apartheid system. There is no doubt that the new South Africa will diplomatically recognize that the People's Republic of China is the sole representative of the whole China. In other words, to us, there has always been only

one China, which is the China represented by the People's Republic of China. We will act accordingly.

Therefore, whatever impression may have been caused by Mandela's visit to Taiwan, President Mandela wants people to know that the above-mentioned is our clear-cut policy.

ANC Reassures PRC on Taiwan

OW1708131693 Beijing XINHUA in English 1233
GMT 17 Aug 93

[Text] Beijing, August 17 (XINHUA)—President Nelson Mandela of the African National Congress (ANC) of South Africa has sent a statement on the Taiwan issue to the Chinese leadership, reasserting ANC's "one China" position.

Joe Slovo, national chairman of the South African Communist Party (SACP), passed Mandela's statement to Hu Jintao, Standing Committee member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, in their meeting here this afternoon.

Hu voiced appreciation for the ANC's adhering to the "one China" position and its continued efforts to consolidate and develop friendly relations with China.

In the 50-minute meeting, Hu also expressed admiration for SACP's years-long struggle towards the abolition of apartheid and liberation of the South African people.

He voiced the conviction that with the efforts of the SACP, ANC and other liberation organizations, the establishment of a united and democratic new South Africa, where all the ethnic groups enjoy equality, will be achieved.

The Chinese party, government and people will, as always, continue to support the just struggle of the South African people in opposing apartheid and winning democracy, he said. China will make unremitting efforts toward the consolidation and expansion of friendly relations with the South African people, he added.

Slovo gave an account of SACP's involvement in national peace talks together with the ANC since it gained legitimate status in 1990, while Hu briefed Slovo on China's reforms, opening-up and economic development.

Slovo, speaking of impressions of this trip, wished China greater achievements in developing socialism and raising people's living standards.

Earlier, Li Shuzheng, head of the International Liaison Department of the CPC Central Committee, held talks with Slovo on issues concerning the international situation and the international communist movement.

West Europe

Zhu Rongji Receives Danish Finance Minister

OW1708130493 Beijing XINHUA in English 1158
GMT 17 Aug 93

[Text] Beijing, August 17 (XINHUA)—Chinese Vice-Premier Zhu Rongji met here today with visiting Danish Finance Minister Mogens Lykketoft and his party, and they exchanged views on promoting the bilateral economic cooperation and trade between the two countries.

Chinese Finance Minister Liu Zhongli was present on the occasion.

The Danish visitors arrived here yesterday.

Tianjin Mayor Meets German Economic Delegation

SK1808031593 Tianjin TIANJIN RIBAO in Chinese
21 Jul 93 p 1

[Text] Mayor Zhang Lichang met with a government economic delegation from the Saarland State of Germany at the Yingbin Hotel on the evening of 20 July. The delegation was headed by Hans Kaspar [name as published], vice governor of the state.

The meeting proceeded in a friendly and frank atmosphere, and both sides held thorough talks on establishing friendly ties and strengthening cooperation between the state and the municipality. Zhang Lichang extended welcome to the German guests. He said: Economic exchanges between Tianjin and Germany have become more and more frequent, many large companies have established enterprises in Tianjin, and our relations with Saarland State have also become increasingly closer. This constitutes a foundation for cooperation between both sides, and the prospects are very broad. Tianjin is opening wider to the outside world, and we will adopt effective measures to strengthen all-around cooperation with Germany, especially Saarland State. We welcome Saarland State to cooperate with Tianjin in the fields of industry, trade, sports, and public health. We will welcome all foreign investment projects, large or small, in all fields and will actively provide convenience to them.

Hans Kaspar praised Tianjin's economic development and urban construction. He recalled his visit to Tianjin in 1986 and explained Saarland State's political and economic situation. Both sides expressed the desire to speed up the progress to establish friendly ties between the state and the municipality as soon as possible. Entrepreneurs of Saarland State who accompanied the delegation in the visit also discussed cooperation projects with the pertinent departments of Tianjin.

Qian Qiao, vice chairman of the municipal people's congress; Ye Disheng, vice mayor of Tianjin; and responsible persons of pertinent departments were present at the meeting.

Tianjin Hosts Spanish Communist Party Delegation

SK1808040293 Tianjin TIANJIN RIBAO in Chinese
21 Jul 93 p 1

[Text] At the invitation of the CPC, the Spanish Communist Party delegation headed by Andres Maistro Martin Maria [name as published], member of the Standing Committee of the Spanish Communist Party, arrived in Tianjin on 20 July for a visit. That evening, Wang Xudong, deputy secretary of the Tianjin Municipal party committee, met with the delegation at Lishunde Hotel.

During the meeting, Wang Xudong extended welcome to the delegation on behalf of the municipal party committee. He said: Both the CPC and the Spanish Communist Party have glorious histories and traditions. They have established traditional friendly relations, which are developing continuously. It is believed that the various exchange activities and understanding between the two parties will be promoted in the future to develop their friendly relations to a greater extent.

After introducing Tianjin's situation to the delegation, Wang Xudong said: Tianjin has achieved great results in all areas since reform and opening up was initiated, and all undertakings are continuously developing. As we are implementing Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the guidelines of the 14th national party congress, deepening reform, and carrying out all-directional opening up, Tianjin's economic construction will have a great development. Maria said that the delegation was deeply impressed by Tianjin. He wished greater achievements to Tianjin and greater development to the relations between the two parties. The delegation visited the development zone on 20 July and praised its rapid development.

Jilin Secretary Meets Portuguese Communist Group

SK1508232893 Changchun JILIN RIBAO in Chinese
21 Jul 93 p 1

[Text] On 19 July, He Zhukang, secretary of the provincial party committee, met with a four-member delegation of Portuguese Communist Party leaders who were on vacation, led by Carlos Bulito [name as published], member of the central Political Committee and president of "QIANJIN BAO," at Nanhu Hotel. This delegation was invited by the International Liaison Department of the CPC Central Committee to visit our province.

During the meeting, Comrade He Zhukang first extended welcome to the Portuguese comrades' visit on behalf of the Jilin Provincial CPC committee and all party members across the province. After reviewing the scene when he led the CPC delegation to visit the Portuguese republic last year, he briefed the guests on the guidelines of 14th CPC congress and our province's implementation efforts and explained to them the strategic principle of building a developed border province near the sea formulated by the sixth provincial party congress in line with our provincial situations and our province's situation of reform and opening up. Bulito, leader of the delegation, thanked Secretary He for meeting his delegation in spite of his tight schedule. He said: "We admire the CPC's viewpoint of equality among all communist parties, regardless of their sizes. We should learn from each other's experience and develop friendly relations and economic and technological cooperation between Portugal and China." During the meeting, Su Rong, member of the standing committee of the provincial party committee and secretary general of the provincial party committee, Liang Jichang, director of the provincial Foreign Affairs Office, and other comrades were also present.

Political & Social

PRC Officials Accuse Dissident of Breaking Law

HK1708134593 Hong Kong AFP in English 1148 GMT
17 Aug 93

[By Robert MacPherson]

[Text] Hong Kong, Aug 17 (AFP)—Chinese officials in Hong Kong on Tuesday [17 August] accused expelled dissident Han Dongfang of breaking a Chinese law during his year abroad, but they claimed not to know exactly which law it was, the labour activist said. During a Kafkaesque hour-long meeting, the 29-year-old veteran of the 1989 Tiananmen Square democracy movement gave the local branch of the XINHUA NEWS AGENCY—China's de-facto consulate here—a petition reiterating his plea to Beijing to be allowed to return home. "I will wait for their answer," he told reporters afterwards.

Han was literally shoved across the border into Hong Kong on Saturday by Chinese police who detained him in the southern city of Guangzhou as he was returning from a year in the United States. Beijing originally let him go to America for treatment of a severe case of tuberculosis, which he contracted during 22 months spent in prison for his role in the Tiananmen protests.

Speaking on the sidewalk outside Xinhua after his meeting, Han—now in Hong Kong on a seven-day transit visa—said the officials inside accused him of breaking Chinese law while he was abroad. "I asked which law I had broken which prohibits a Chinese national from going home," he recounted. "They said they did not know. They also said it was not necessary to explain this law to me, and that I should know what this law is," he said. "I said that if I had known what this law is, I would not have broken it. Now that I am told I am violating this law, I ought to know what it is and what the punishment is."

On Monday, Xinhua issued a statement alleging that Han—whose Beijing Autonomous Workers' Union played a major role in the Tiananmen unrest—engaged in activities abroad to subvert the Chinese Government. This was an apparent reference to Han's presence at the recent United Nations human rights conference in Vienna and to a speech he made before the International Labor Organization in Geneva.

Han denied the subversion charge Tuesday, saying: "What I did overseas was some lobbying for free labor activities.... I did not do anything to harm the country's image." "Even if I had violated Chinese law, I should have been told by the authorities (in Guangzhou last weekend) and prosecuted," he said.

Han, looking fit despite undergoing surgery in May to remove part of his right lung, also rejected XINHUA's claim that he was let out of China "on bail for medical treatment." He distributed copies of his release form

issued by the Beijing Public Security Bureau last year, which states that judicial authorities in the Chinese capital had decided "not to prosecute" and to release him.

Human rights activists say Han's case is a test of China's sincerity in allowing dissidents in exile to return home without fear of harassment, four years after tanks and troops silenced the Tiananmen democracy movement. Han has said he will not seek to renew his Hong Kong transit visa, which expires Saturday, thus exposing himself to becoming an illegal immigrant subject to deportation under the colony's laws. That situation might drag London into the affair, due to the British colonial government's longstanding policy of sending Chinese nationals who are illegal immigrants directly back to China.

Wang Juntao Back in Prison After Leaving Hospital

HK1808023993 Hong Kong LIEN HO PAO in Chinese
18 Aug 93 p 9

[Report from Hong Kong by reporter Lin Wei (2651 0251): "Wang Juntao Escorted Back to Prison After Being Discharged From Hospital Last Week"]

[Text] Mainland dissident leader Wang Juntao, who received medical treatment in a Beijing military hospital, was escorted back to Beijing's Yanqing Prison last week after he had recovered from serious hepatitis.

Sources in Beijing said that a laboratory test showed that Wang Juntao's liver function has nearly returned to normal. Although he is still suffering occasional arrhythmia, he is basically recovering. The authorities already have issued a passport to his wife, Hou Xiaotian, so that she will be able to go abroad. It is said that Hou Xiaotian is planning to go to the United States to see her relatives next month.

Article Disputes Reported Religious Persecution in Henan

HK1708132793 Hong Kong WEN WEI PO in Chinese
13 Aug 93 p 16

[From the "Article From Henan" column by Li Nan (2621 2809): "Reports Should Not Fabricate Facts"]

[Text] The SOUTH CHINA MORNING POST [SCMP] carried on 18 July an "exclusive," titled "Christians 'Tortured in China,'" on the so-called cruel persecution of Christians by public security personnel in Henan Province. We, the Henan people, had never heard of such stories. To be on the safe side, we visited the places named in the report to investigate and verify the story. The result proved not that we had been ignorant and ill-informed, but that nearly all the facts in the SCMP "exclusive report" were fabricated.

The Government Protects Normal Religious Activities According to Law

The "report" says: "Police in Henan Province have arrested and jailed 1,000 Protestants"; "public security officers beat victims with electric truncheons, forced them to pay fines, and jailed those who could not pay"; and "one follower had boiling water poured over his head for failing to pay the fine" and so on. But our repeated investigations in Zhoukou City, Shi Qi County, and Tai He village in Henan—places named by the report—did not uncover any "incidence" of police persecution of followers. The incidence was something from the "Arabian Nights!"

The truth is, the Chinese Government has always upheld a policy of freedom of religious beliefs. The law protects citizens' normal religious activities. On the other hand, activities making use of religion to endanger state security and undermine social order will never be tolerated. No citizen, whether or not he is a religious believer, has the special privilege to be above the law; all are subject to punishment by law when they have committed a crime. It is true that in recent years individuals with religious faiths have been punished by law for having violated our country's "penal code" and relevant laws and conducting activities harmful to social order. A Christian, for instance, beat two people to death and wounded seven others under the excuse of "exorcism." Another raped three women under the guise of "sending out vibrations to cure their sickness." Penalties for these people have nothing to do with their religious beliefs. A question to the writers of the report: Which country in the world will allow religious believers to go unpunished for wantonly breaking law?

Religious Venues and Followers' Residences Are Protected by Law

The report also claims: "Henan police would break in churches or even private homes" and "the public security bureau would carry out raids on Christian gatherings at individual homes to help finance local authority development work." This is equally groundless. In our country, venues for religious activities and followers' private premises, just like other public venues and citizens' residences, are protected by law. Investigations proved that there had not been any incidence of public security personnel barging into religious venues or followers' residences without proper authorization to conduct "financing." The saying that "public security bureaus gave part of the fines to county government for public works such constructing factories and roads ... and buying new cars" is purely absurd. The punishment of individual believers for breaking our country's "Rules on the Administration of Public Order" is a wholly different matter. For instance, some Christians in Sheqi County and Taihe village in our province last year had disrupted social order, and had been criticized, warned, and fined by local public security authorities according to the penal codes of the "Rules on the Administration of Public Order." We found that the evidence was solid and

real and the punishment proper. Also, our investigations show that our province's public security bureaus have worked strictly according to the relevant provisions of our country's "Criminal Law" and "Criminal Proceedings" and no locality has found any case of corporal punishment against citizens for their religious beliefs.

Summing up what is said above, the facts cited by the report are all fabrications and do not bear up. As we all know, a respect for facts and allowing facts to speak are the most basic requirements for news reporting and professional ethics for all journalists and media. In carrying the fact-fabricating and attention-getting "exclusive," SCMP has failed to meet the basic professional ethical requirements.

Leadership Said Considering Candidate To Succeed Li Peng

HK1808033093 Hong Kong LIEN HO PAO in Chinese 18 Aug 93 p 2

[Report from Beijing by "Mainland News Center": "CPC Leadership Considers Candidates To Succeed Li Peng; Issue To Be Submitted to Third Plenary Session of 14th CPC Central Committee for Discussion"]

[Text] Sources here say that because of his heart disease and poor health, State Council Premier Li Peng will be unable to work for a long time. The top CPC leaders are now carefully considering the candidates to succeed the premier. As this is an important personnel change affecting the "Jiang-Li structure," it will be submitted to the Third Plenary Session of the 14th CPC Central Committee for discussion.

Since suffering heart problems, Li Peng has seldom appeared at public occasions. He is usually recuperating at home. During this period, Li Peng is still premier of the State Council. This has been indicated mainly by his letters or occasional meetings with foreign guests. On the other hand, the State Council has not appointed an acting premier. The vice premier has presided over important meetings in the form of "being entrusted." It has been learned that when the Thai prime minister visits Beijing at the end of August or beginning of September, Li Peng will meet with him in his capacity of premier of the State Council.

Sources said that Li Peng has only appeared on public occasions twice, when meeting with Malaysian and Australian guests. During the meetings, he was accompanied by a medical group so that emergency measures could be taken if necessary.

Some days ago, CPC General Secretary Jiang Zemin wrote to Li Peng, expressing hope that he would get better and telling him not to worry about government affairs. In his letter, Jiang said the current division of work was as follows: The State Council was under the care of Zhu Rongji, while Liu Huaqing, vice chairman of the Central Military Commission, was taking charge of

military affairs and Hu Jintao, Political Bureau Standing Committee member, was handling party affairs.

The sources also said that as it has been ascertained that Li Peng is suffering from heart disease and is unable to be busily engaged in government work, and as it is improper to have this status quo maintained for a long time, the top leaders are now taking this matter under careful consideration. However, the readjustment of Li Peng's post will not affect the allocation of power in the central authorities; it is mainly a matter of personal health. It has been pointed out that as the readjustment will inevitably touch the "Jiang-Li structure," the forthcoming Third Plenary Session of the 14th CPC Central Committee will discuss the matter and make a principled decision on it. The sources said that at the Third Plenary Session of the 14th CPC Central Committee, there may not be definite personnel changes but it is highly possible that Zhu Rongji will be appointed to handle government affairs in the capacity of acting premier.

Authorities Direct Anticorruption Campaign at Leaders

*HK1808060093 Hong Kong TA KUNG PAO in Chinese
13 Aug 93 p 2*

["Special dispatch" from Beijing on 12 August by staff reporter Li Ping-hua (2621 3521 5478): "Central Authorities Stress Opposing Corruption With Emphasis on Leading Organs"]

[Text] While exercising macroscopic regulation and control of the national economy, the CPC Central Committee and the State Council stress the need to resolutely do "two types of work," handle a batch of major and serious cases, and oppose corruption and decadence. Recently, a high-ranking central leader talked about this specifically and called for placing the antidecadence emphasis on cases of violations of law and discipline among leading organs and leading cadres, and for amplifying the leader responsibility system to promote party spirit and honest practice. The central leader said that both Deng Xiaoping's important remarks during his southern trip and the 14th CPC National Congress stressed the need to resolutely oppose decadence and vigorously foster honesty in the entire course of reform and opening up. With reform and opening up continuously deepening and with the development of socialist market economy, unprecedented vitality and vigor have appeared in economic development, but some negative and decadent phenomena also have surfaced at the same time. We will lack a basis if we launch the antidecadence struggle without admitting the negative effects of the market economy. The antidecadence campaign must proceed in light of the realities of reform and opening up. The current antidecadence campaign is one in the course of establishing the market economic system. Decadent acts are speculative. Some people are very quick-witted and good at exploiting advantages. Therefore, it is necessary to seriously analyze the focuses and links around which contradictions are more concentrated during

reform and opening up and economic development, estimate the decadent problems that may occur, strengthen predictability, strive for initiative in work, and have good knowledge of the antidecadence direction. According to this central leader's analysis, the antidecadence campaign can be divided into three levels: First, punish decadent elements; second, overcome negative and decadent phenomena, such as people wielding power to seek gain; third, resolve problems with the structure and policy system. None of the three can remain unfulfilled. Judging from the current situation, if we fail to crack several major cases within a period of time, we can hardly win people's support. However, we must not interpret the antidecadence campaign merely as handling cases. Decadent phenomena exist in vast numbers; they are visible and tangible. They produce a bad influence and are bitterly hated by the masses. They have seriously affected the relationship between the party and the masses, and have disrupted the general mood in society. These negative and decadent phenomena are mostly the internal contradictions of the people, and are more difficult to overcome than sternly punishing decadent elements. Therefore, we should spend still greater energies on overcoming these negative and decadent phenomena.

This central leader said: In opposing decadence, we must consider both tackling the phenomena and eradicating their causes. We must both investigate the cases, and correct the malpractices in various professions and trades and start education to prevent them. Of course, in order to stop decadence once and for all, we must pay attention to reform; carry out overall control; and resolve those deep-seated problems related to the structure, policies, and systems; and remove the soil and conditions that breed decadent phenomena. For instance, in order to overcome corruption, we should have strict internal management and restrictive mechanisms to make corruption impossible, really enforce stern punishments in accordance with the laws so that people dare not indulge in corruption, and strengthen ideological education and improve the moral standards so that people do not want to indulge in corruption. In short, in imposing punishment for decadence and in overcoming decadence, it is necessary to carry out overall control.

This central leader stressed: The antidecadence focus should be placed on the case of violations of law and discipline among leading organs and leading cadres because they can have a great influence and bring great harm. This is why Jiang Zemin stressed: "If the upper roof beam is crooked, the lower roof beam will be too, and if the middle roof beam is crooked, the building will topple." At present, the masses' demand on the party and government concerns not merely the number of cases handled, but more the quality of how these cases are handled. Judging from the actual situation, most of the economic cases are not perpetrated by leading cadres, and the major problem among a few leading cadres is that they wield authority to seek personal gain.

At present, a considerable proportion of people are rather bad in observing honesty. They seek personal gain when there is the opportunity, and the masses say they are corrupt officials. Some of them have not reached the point of having to have their cases filed or receive disciplinary punishment, however, and this makes it difficult for judicial organs and discipline inspection committees to handle these cases. However, they can be handled by organization departments, that is, carrying out reshuffling their organizations, transferring those concerned from the leading organizations and important departments, or even arranging for their demotion. When jointly observing the practice of cadres, the discipline inspection committee and the organization department can complement each other's weaknesses and can integrate honest practice, cadre management, and organizational management.

This central leader also pointed out: Party spirit, honest practice, and the anticadecence campaign supplement one another. In order to promote party spirit and honest practice, it is necessary to amplify the leader responsibility system. This is not merely a demand on the discipline of individual leading cadres, and its most important point is that leading cadres must be responsible for the party spirit and honest practice of the units where they work. If any problem surfaces with their subordinate units, they will be held responsible and dealt with, despite the fact that they have no direct leadership responsibility. Now that economic work is inspected and has pressure, there is weakness in party spirit and honest practice. We can say it is a shortcoming if leaders are not held responsible or seriously dealt with for a problem. Leading cadres must set an example in everything and must convince people by their work, in addition to their authority and reasoning.

Provinces Engage in Drive Against Corruption

OW1708200793 Beijing XINHUA in English 1608 GMT 17 Aug 93

[Text] Beijing, August 17 (XINHUA)—China's bodies for discipline inspection and supervision at all levels are actively battling against corruption while focusing on economic construction, according to the Chinese Communist Party Central Commission for Discipline Inspection and the Ministry of Supervision.

In the first half of this year, bodies for discipline inspection and supervision throughout the country dealt with 59,637 cases of violating party disciplines and state laws. Exactly 29,869 party members received party disciplinary punishment and 6,559 people were, or were advised to be, punished by state laws.

To abuse power for personal gains is now a major phenomenon. The bodies for discipline inspection and supervision in east China's Shandong Province therefore issued a series of regulations which bar party and government bodies and personnel from accepting money or bonds, from buying stocks with public money or loans, from collecting illegal levies and spending public money

on private trips. They also bar party or government bodies from opening enterprises. Anyone who violates the regulations will be punished either by party discipline or by state laws or by both.

Organs for discipline inspection and supervision in Hebei, Guangdong, Anhui, Heilongjiang, Sichuan, Shanghai, Hunan, Shaanxi and Zhejiang also worked out regulations to fight against corruption and to build a clean government.

Great importance is also attached to the alleviation of farmers' burdens and fighting against the corrupt phenomenon of monopolising rights in some spheres for the gains of individuals or small groups.

The Hunan provincial government abolished more than 1,000 documents related to farmers' burdens, stopped 148 activities aimed at collecting funds from farmers and canceled 278 irrational levies.

Hebei Province examined 550 state-owned enterprises and 440 government departments above county level in carrying out the regulations about changing management mechanism of state-owned enterprises and punished a batch of persons and departments that violated the interests of enterprises. Tianjin city cancelled seven documents about illegal levies and ended 105 levies.

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Science & Technology

Long March 3A Carrier Rocket To Make Test Flight

HK1808001493 Hong Kong WEN WEI PO in Chinese
16 Aug 93 p 2

[Dispatch: "China's New Generation of Carrier Rockets To Deliver Satellites in the First Half of Next Year"]

[Text] Beijing, 15 Aug (WEN WEI PO)—The Chinese Research Institute of Carrier Rockets recently reported that the Long March 3A Thrust Carrier Rocket, researched and made by China and scheduled to undergo its first test flight soon, is technologically advanced and very adaptive, boasts great delivery performance, ranks first in China's domestic carrier rockets, and meets the world's advanced standards.

The Long March 3A, a key state project, is a new style of liquid-propelled rocket based on the redesigning of the three stages [san ji 0005 4787] of Long March 3 and will be China's major delivery vehicle around the year 2000. It has a delivery capacity of up to 2.5 tonnes into synchronous orbit, which is greater than the Long March 3's 1.4 tonnes. It can be launched into orbits that are synchronous with solar and lunar movements. At present, it has the greatest delivery capacity among China's rockets.

In designing the Long March 3A, the Chinese Research Institute of Carrier Rockets employed many new technologies, the most important of which were in four key areas of design. These sophisticated technologies are all the first employed around the world and lead the development in the field, showing that China's carrier rocket technology has leaped to a new stage and has joined the ranks of leading countries in the field.

The Long March 3A is a prototype with great development potential. Two new rockets can be formed by mounting two or four more liquid-propelled boosters on the core stage of Long March 3A, which then can fulfill the requirement of launching heavy communications satellites at the low and geo- and solar-synchronous orbits, and thus can meet the demand of various domestic customers. Its service will make China's Long March carrier rocket series more systematic, practical, commercially viable, and internationalized, and will help the series gain a more solid position in domestic and international satellite launch markets.

It is understood that in the first half of next year, the Long March 3A will send a new-generation, large-capacity, and long-lifespan communications satellite into space.

Regulations on Nuclear Accidents Promulgated

OW1708200993 Beijing XINHUA in English 1534
GMT 17 Aug 93

[Text] Beijing, August 17 (XINHUA)—The State Council, or Chinese cabinet, today published an order, signed by Premier Li Peng on August 4 this year, promulgating "The Regulations on Emergency Administration of Nuclear Accidents of Nuclear Power Plants."

The regulations in this Order No. 124 were adopted at the 123rd Executive Meeting of the State Council. They went into effect August 4.

With 42 articles in eight chapters, the regulations detail for state emergency organizations their duties and responsibilities in the event of nuclear accidents.

There are also stipulations on emergency preparations, policies and protective measures, on the imposition and lifting of a state of emergency, on guaranteeing the supply of funds and materials, and on awards and penalties.

Military

Defense Minister Chi Haotian Inspects Tianjin

OW1708200493 Beijing XINHUA in English 1414
GMT 17 Aug 93

[Text] Tianjin, August 17 (XINHUA)—Chi Haotian, state councillor and minister of national defence, has stressed here that it has always been an important issue for the ruling Communist Party of China (CPC) to fight against corruption and to prevent itself from changing its own political color.

During his four-day inspection tour of this municipality in north China from August 14 to 17, Chi pointed out that the CPC Central Committee recently emphasized specially that it is necessary to promote cultural and ideological progress and party building while promoting economic construction.

He noted that under the current good situation, there are also some cases of corruption such as graft, bribery, smuggling, seeking private gain at public expense, and departmental selfishness. Some persons, blinded by lust for gain, are even breaking laws and regulations, thus losing the integrity of a communist.

Chi said that the building of the armed forces during the new period should, as party chief Jiang Zemin said, be aimed at making the armed forces qualified politically, perfect in military skills, good in working style, strict in abiding by discipline, and strong in logistic support.

He elaborated that to be qualified politically means to listen to the party, firmly adhere to the party's basic line, safeguard the country's reform and opening-up, and safeguard the people to work peacefully.

Chi said that at present, it is imperative to encourage and carry forward in the armed forces the Yanan spirit and the Nanniwan spirit, or the spirit of working hard, bearing hardships and making contributions.

He called on the whole army to learn from some model companies, always be on guard against the corrosive influence, keep a firm and correct political orientation, and keep sober-minded as a Communist Party member.

Urges Promoting Honesty

OW1808083693 Beijing XINHUA Domestic Service in Chinese 0852 GMT 17 Aug 93

[By XINHUA reporter Zhu Yuquan (2612 3768 3123) and TIANJIN RIBAO reporter Wang Hong (3769 1347)]

[Text] Tianjin, 17 Aug (XINHUA)—During a recent inspection tour of Tianjin, State Councillor Chi Haotian, who is also the minister of national defense, pointed out: It has always been an important issue for the ruling CPC to fight against corruption. We must pay keen attention to this important task concerning the future of socialist modernization.

From 14 through 17 August, Comrade Chi Haotian went deep into barracks and training grounds to extend greetings to commanders and fighters of units stationed in Tianjin, as well as visited the Tianjin Economic and Technology Development Zone, the bonded zone, and the Seamless Steel Tubing Company.

Chi Haotian pointed out: The CPC Central Committee recently emphasized especially the need to promote the construction of spiritual civilization and party building while promoting economic construction. This emphasis is very timely. There is no denying that under the current good situation, a number of units and departments have become the breeding grounds of such corruption cases as graft, bribery, smuggling, seeking private gain at public expense, and departmental selfishness. Some persons, blinded by lust for gain, are even breaking laws and regulations, thus losing the integrity of a communist.

He stressed: The building of the armed forces during the new period should, as Jiang Zemin said, be aimed at making the armed forces qualified politically, perfect in military skills, good in work style, strict in abiding by discipline, and strong in logistic support. It is not easy to comply with these five requirements. To be qualified politically, or to meet the first requirement, means to listen to the party, preserve the armed forces' own revolutionary color, firmly adhere to the party's basic line, safeguard the country's reform and opening up, and safeguard the people to work peacefully. At present, it is imperative to encourage and carry forward in the armed forces the Yanan spirit and the Nanniwan spirit, or the spirit of working hard, bearing hardships, and making contributions. As I often told troops, we should not make senseless comparison; nor should we draw a comparison between the military and civilian lives. We should compare ourselves with soldiers defending the border in

Tibet. In Tibet where a serious shortage of oxygen causes difficulty in swallowing food, everyone is duty-bound to eat two bowls of rice every meal. It is indeed a land of "no bird flying in the sky, no grass growing in the soil, and rocks everywhere" and where hardly any tree can be grown and survive for several years. Whoever wants to draw a comparison must make the comparison with these soldiers. Should we compare ourselves with those who, after demobilization, run their own businesses and make a fortune, we will find our path becoming narrower and narrower. As communists, we should retain the basic communist ideological qualities, seek no personal gains, dedicate ourselves wholeheartedly to revolution and the people, and weigh fame and wealth as light as a cup of water but our cause as heavy as a mountain. We should learn from the Good Eighth Company on Nanjing Road, the Hard-Boned Sixth Company, and the Good Eighth Company on Gulangyu Island; resist corrosive inroads; never become corrupt; adhere to the correct political orientation, and preserve the sobriety of a communist in the face of the current of market economy.

Comrade Chi Haotian fully confirmed the good relations between the army and the government and between military and civilians in Tianjin. He exhorted troops to strive to carry out their tasks well and make their share of contributions to safeguarding political stability and unity in Tianjin and to facilitating its economic take-off.

Calls For Opposing Corruption

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[Text] Tianjin, 17 Aug (ZHONGGUO XINWEN SHE)—During his inspection of Tianjin some days ago, Chi Haotian, state councilor and concurrently minister of national defense, pointed out: Resisting corruption and preventing degeneration is always a very important matter for the Communist Party, which is a party in power. This important matter concerns the destiny of socialist modernization, which should arouse our serious attention.

Chi Haotian pointed out: Recently, the CPC Central Committee particularly stressed that while promoting economic construction, it is necessary to do a good job in promoting spiritual civilization and in party building. This is a timely instruction. Under the current excellent situation, we should not neglect the spreading of corruptive phenomena in some units and departments, such as corruption, bribery, smuggling, trafficking in smuggled goods, seeking private gain at public expense, and selfish departmentalism. Some people, who are blinded by lust for gain, have violated laws and discipline and thus lost the proper quality of being communists.

He emphasized: In the new period, the orientation of army building is, as was pointed out by Jiang Zemin, to be politically qualified, to have a perfect mastery of military knowledge, a good work style, strict discipline, and to ensure adequate maintenance and supplies. It is

not easy to fulfill the five demands. First, "being politically qualified" is a very high standard. The most important point is to follow the party's instructions, maintain the revolutionary quality of our Army, and resolutely protect the party's basic line, reform, and opening up, and the people's peaceful work. At present, it is necessary to encourage the Army to develop the Yanan Spirit, the Nanniwan Spirit, the spirit of hard struggle, and the spirit of bearing hardships and making selfless devotion. I often tell our officers and soldiers that they should not make blind comparisons and stress the differences between the Army and the localities in their daily life. If there is anything to compare, they should compare themselves with the cadres and soldiers stationed on the Tibetan borders. There, because of a lack of oxygen, it is difficult for people even to eat. It is a task for everyone there to have two bowls of rice each meal. It is difficult to grow a tree there. Just as people often say: "There is no bird in the sky, no grass on the ground, and stones are rolling everywhere." If anyone wants to make comparison, he should compare with them rather than comparing with those who have become bosses and got rich after demobilization. Otherwise, our path ahead will become narrower and narrower.

Chi Haotian said: Being communists, we must have the basic ideological quality of communists. Instead of working for money and personal benefits, we must work for the revolution and work for the people wholeheartedly. We must look upon personal fame and gain as dirt and our cause as heavy as a mountain. In front of the great tide of commodity economy, we must resist corruption and never be affected. We must maintain a firm and correct political orientation and keep the clear head of a communist.

Liu Huaqing Writes on Military Modernization

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[Article by Liu Huaqing (0491 5478 3237), Central Military Commission vice chairman: "Unswervingly Advance Along the Road of Building a Modern Army with Chinese Characteristics"—originally carried in QIUSHI No 15, 1993]

[Text] In his report to the 14th CPC National Congress, Comrade Jiang Zemin pointed out: "In accordance with Comrade Deng Xiaoping's concept of army-building in the new period, we must create the best armed forces that our conditions permit, turning the People's Liberation Army [PLA] into a strong, modern, and revolutionary regular army and constantly increasing our defense capabilities, to provide powerful protection for the reform, opening up, and economic development." This charts the direction and sets high demands on our efforts to modernize the armed forces under the new situation. While seizing upon the favorable opportunity to concentrate on economic development, we must work hard and blaze new trails to raise the drive to modernize the armed forces to a new level.

A Review of the History of Modernization of Our Armed Forces

To build a strong, modern, and regular People's Army has been a consistent ideal of our party and Chairman Mao and other proletarian revolutionaries of the older generation. During the revolutionary war years, Chairman Mao demanded that our army-building proceed from a low level to a high level, despite difficult material conditions. As soon as New China was founded, Chairman Mao called for "great efforts to build up a strong national defense force." The national conference of senior party cadres from military systems held in late 1953 called for "building the best modernized army in the world." In accordance with the instructions of Chairman Mao and the party Central Committee, the armed forces nationwide have successfully made experiments and put their modernization plan into practice. First, they standardized the establishment systems, built new armed services, cut their sizes over a period of time, and turned the Army into a combined one comprising various armed services. Second, they built up institutions responsible for developing defense science and technology and defense industry, which manufactured a large number of comparatively advanced weapons copied from others or developed such weapons on their own. In particular, the successful development of "two bombs and a satellite" and of nuclear submarines greatly enhanced China's international standing. Third, they formulated and promulgated various regulations, manuals, rules, and teaching materials to upgrade the standardization drive. Fourth, they set up military academies, forming a rather complete institutional system, and trained a large number of capable personnel for intensifying their modernization drive. Fifth, they improved the combat effectiveness of officers and men by intensifying military training, promoting cultural education, and carrying out mass training activities. All these have laid a solid foundation for building a modernized army. Nevertheless, our Army's modernization drive has never been plain sailing and has been seriously hindered by "leftism" on several occasions. In the late 1950's, a campaign against so-called "dogmatism" was launched by mistake. In the early 1960's, Lin Biao went all out to put "politics in command," throwing people's ideas into confusion. The desperate sabotage by Lin Biao and the "gang of four," particularly during the 10-year-long catastrophe, inflicted inestimable losses on our army-building.

After the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping was put in charge of the Central Military Commission. While formulating the party's basic line of "one central task, two basic points" and creating the theory of building socialism with Chinese characteristics, he advanced the general objective of building our Army into a strong, modern, and revolutionary regular army. He led the whole Army in carrying out a series of major reforms and made enormous achievements. The reforms were mainly: A) Overhauling and consolidating the armed forces step by step in a planned way; solving the problems caused by

"overstaffing, aversion to discipline, arrogance, extravagance, and laziness" in a comprehensive manner; streamlining the administrative structure; and reducing the number of armed services by removing the engineer units for capital construction and the railroad engineering corps and by changing the armed services, including artillery troops, armored troops, and engineer troops into professional departments under the headquarters. B) Upholding the party's resolute leadership over armed forces; reorganizing leading bodies at various levels from above; and promoting a large number of revolutionary, young, knowledgeable, and professional cadres to the top echelons. C) After a scientific analysis of the international strategic situation, Comrade Deng Xiaoping put forward a thesis that a world war would not break out for a fairly long time, bringing a strategic change to the guiding ideology for army-building, namely, replacing the strategy of preparing armed forces for an early war, a large-scale war, and a nuclear war with one of promoting army-building in line with peacetime conditions. D) Stressing the need to promote army-building in the overall interests of economic development and to attain the objective of strengthening army-building in a new period step by step and in stages, following the principle of doing what is within our capacity. E) Reforming the systems, reorganizing troops, cutting the size of the Army by one million men, merging large military regions, and organizing a combined group army so that our Army could make a big step forward in building itself into the best combined army. F) Following the principle of "manufacturing both military and civilian products, combining peacetime needs with those of wartime, giving priority to the production of military products, and supporting the armed forces by producing civilian products," the defense-related technological enterprises improved our armed forces' weapons and equipment under the existing national strength conditions. G) Attaching strategic importance to education and training, restoring old military academies and building new ones, and intensifying collective training to improve the quality of military training. H) Formulating new rules and regulations to administer the armed forces to legalize and institutionalize army-building. I) Promoting modernization of our Army despite financial difficulties by carrying forward its fine tradition and encouraging officers and men to display "five revolutionary spirits" and to follow the principle of building the Army through plain living and hard work. J) Conscientiously studying ways to fight a people's war under conditions of modern warfare and ways to combine crack standing armed forces with powerful reserve forces to respond to possible limited war and sudden incidents. Through more than 10 years of efforts, we have acquired a better understanding of the law governing army-building in peacetime and discovered a formula for building a modernized army with Chinese characteristics.

Since 1989, our Army has made a new step forward in the direction charted by Comrade Deng Xiaoping under the leadership of the CPC Central Committee and

Central Military Commission with Comrade Jiang Zemin at the core. The Central Military Commission with Comrade Jiang Zemin at the core further stressed the need to pay attention to quality in army-building and advanced the general requirements that "our armed forces must be qualified politically and competent militarily, have a fine work style, adhere to strict discipline, and be ensured of adequate logistic support." The new military commission, which was reorganized last year, made a series of major policy decisions. For instance, it readjusted and arranged for the exchange of the leading bodies of major units throughout the whole Army and stressed the need to carry forward our Army's fine tradition by requiring the armed forces to maintain high standards of ethical integrity and the true qualities of veteran Red Army men. It called again on the armed forces to emulate Lei Feng's spirit and the "good Eighth Company on the Nanjing Road" and upheld the principle of strengthening political and ideological education while improving material conditions and increasing soldiers' wages, thus increasing the Army's appeal and cohesiveness. All these are of great and far-reaching importance to the further modernization of our Army.

After 40 years of hard work, we have made great progress in modernizing our armed forces and enhancing their combat effectiveness. Our army units have developed themselves politically and ideologically so that they can stand the severe tests posed by the complicated situations at home and abroad. Our army units have been combined to a marked degree and their weaponry has been upgraded. The combined group army's firepower and ability to make a sudden and violent attack and to wage mobile warfare have been greatly enhanced. The navy has been developed into a modernized service consisting of surface vessels, submarines, air units, coastguards, and a marine corps. The air force and parachute landing forces have also been developed and the strategic guided missile units have the ability to launch counterattacks. We have scored great successes in scientific research for national defense, making great advances in the fields of nuclear technology, space technology, and microelectronics technology. We have successfully fired a submarine-launched ballistic missile, launched a long-range carrier rocket into the Pacific, launched telecommunications satellites including the "Asiasat" and "Ausat" satellites, and developed a super computer. The professional and cultural levels of army cadres have been greatly raised. Those soldiers promoted to cadres received regular training in military academies and 50.3 percent of all levels and all types of cadres were graduates from institutions of higher learning. The Army has also trained a number of core technicians with master or doctor degrees.

While accomplishing the tasks of conducting operations, preparing for war, and military training, our Army has vigorously supported and participated in economic construction. In the last 14 years since the reform and opening up were introduced, armed units throughout the country have taken part in 80,000 economic construction projects launched by the state or local governments,

contributing 400 million workdays. The armed forces have also undertaken a number of urgent and difficult projects on their own initiative and allowed localities access to a number of airports, ports, oil depots, and railroads, which had been exclusively for military use. The army units nationwide have participated in over 1,000 rescue and relief operations, saving 30 million people and goods worth over 1 billion yuan. Where there were grave disasters, there were PLA men struggling side by side with the people.

Our Army has proved itself to be a solid pillar of the people's democratic dictatorship, a great wall of steel for the defense of the socialist motherland, and an important force in building socialism with Chinese characteristics. It can stand any tests and can be trusted by the party and people.

These achievements in army-building were scored under the guidance of Mao Zedong military thinking and Comrade Deng Xiaoping's concept of army-building in the new period. We also owe these achievements to the dedication and hard work of all officers and men, plus the large numbers of cadres on the defense science and technology-related industrial front, as well as the concern and support of party committees and governments at all levels and the masses. Comrade Deng Xiaoping is the chief architect of the building up and reform of the Army in the new period as well as the chief architect of our reform, the open policy, and the modernization program. Comrade Deng Xiaoping's concept of army-building in the new period, which has greatly developed Mao Zedong military thinking, is an important component part of his theory of building socialism with Chinese characteristics. So long as we firmly advance in the direction charted by Comrade Deng Xiaoping, our efforts to modernize the Army will be full of promise and we will score still greater successes in this respect.

Further Promoting Modernization of Our Army Is An Urgent Task Which Confronts Us

While the state makes economic construction its central task, the Army makes modernization its central task. These are the needs of the times and historical necessities. We have been living in a peaceful environment for a long time but we must be prepared for danger and must not forget war when the country is in order. We must further promote modernization of the Army to increase our defense capability.

First, modernizing our Army is an urgent need to adapt it to the complicated international environment. The world today is in a historical period of great change. The bipolar structure has come to an end and the world is moving toward multipolarization. The international situation is continuing to move toward relaxation. It is possible to avert a new world war but the world is far from tranquil. Hegemonism and power politics have yet to step down from the stage of history. Ethnic contradictions, territorial disputes, religious conflicts, and disputes which were covered up during the Cold War have

sharpened and have even led to bloodshed and limited war. According to statistics, there were 30 armed conflicts and limited wars of various scales throughout the world in 1992. The civil war in Bosnia-Herzegovina, which is a part of former Yugoslavia, has grown increasingly fierce, becoming a hot spot attracting world-wide attention. The situation of international military struggle has become increasingly complicated. Though the parties concerned have made some headway in talks over arms control and disarmament, the armament race is moving toward the hi-tech field. Major world countries are stepping up their efforts to readjust their military strategies, regarding an increased defense capability as an important aspect of competition in overall national strength. They pay attention to quality in army-building to gain the strategic initiative.

China's surrounding environment, which is secure now, is experiencing the best period since the founding of the People's Republic. We certainly can independently handle all types of contradictions cropping up in the course of the formation of a new world pattern through political and diplomatic channels, so that we can enjoy a peaceful environment for a rather long period to concentrate on economic construction. We must adhere to the doctrine that everything has two aspects and analyze and understand the international situation against the historical background and in a dialectical way. While being conscious of the advantages, we must not lose sight of the disadvantages. At present, and for a rather long period to come, our socialist modernization drive will still proceed in a complicated and ever-changing international environment. Our Army must be ready to perform the sacred mission of defending China's sovereignty over its territory, territorial waters, and air space, and its maritime rights and of safeguarding the unity and security of the motherland. In the meantime, it must provide powerful protection for the reform, opening up, and economic development.

Second, modernizing the Army is the objective demand of modern warfare. With the rapid development in microelectronics, new materials, new technologies, and space techniques, there has been a change in the quality of weaponry. The current hi-tech conventional weapons, which can be made radar-invisible and provided with intelligence, feature long ranges, high degrees of accuracy, great destructive power, and high speed. The weapons which are accurately guided and radar-invisible have been used in actual warfare. The command and control, telecommunications, and information systems have been automated to an unprecedented degree and a major breakthrough has been made in the development of directional [ding xiang neng 1353 0686 5174] weapons and space weapons. Limited wars in the last few years, the Gulf war in particular, have shown many distinctive features: A) War can be fought in outer space; at high altitude, middle to low altitude, and minimum altitude; on the ground; underground; and underwater, expanding the theater of war to an unprecedented extent. B) Modern air forces are capable of independently carrying out large-scale, unremitting, and prolonged air

attacks, so that air battles play a more important role in war than they did in the past. C) Advanced and sound command and control, telecommunications, and information systems become the most important factors for highly effective operation of the war machine and electronic weapons have become an important means of winning the victory over the enemy. D) Night vision equipment development has changed traditional operational concepts and methods. The warring party who has not mastered night vision techniques will find it increasingly difficult to move and concentrate troops. E) Modern warfare sets higher demands on logistic support because it proceeds very rapidly, resulting in a greater consumption of military supplies.

Nevertheless, we should point out that the Gulf war was a special one. We have attached importance to research in the Gulf war because it has shown a number of distinctive features of the war using high technologies. Our viewpoints are: A) The Gulf war can serve as reference in our efforts to modernize our Army and can give us some clues for studying future hi-tech wars. B) Any hi-tech weapon system has its own weaknesses and we can always find ways to overcome it. C) A war represents a competition between material and technological equipment as well as a competition between men's knowledge, strategies, and will power. Men remain the decisive factor in war. This law will not change even if future weapons and equipment are several times as advanced as they are now. D) Our Army, poorly equipped as they were, used to triumph over better equipped enemies. This fine tradition will still play a role in future hi-tech wars.

Third, modernizing our Army is the basic way of solving the main problem with our army-building. Our Army, though it has been modernized to a certain degree, fails to meet the needs of modern warfare and this is the principal problem with army-building. To solve this problem, we should step up our efforts in many respects. For instance, we should upgrade our weapons and equipment to narrow the gap with advanced weapons and equipment. We should launch more important projects and build up more important facilities to ensure army units make proper war preparations and receive proper training. We should make the training for mechanized troops, shipborne troops, aviation personnel, and missile forces more intense and more difficult. We should improve the conditions for ensuring emergency logistic support. We should also further raise the scientific and cultural level of officers and men. All these are important tasks essential to improving the combat effectiveness of our armed forces. A certain amount of the money earmarked for military use will be spent on fulfilling these tasks. Since the money for military use is limited and price rises cause greater expenditure on daily life, the money for purchasing equipment, capital construction, education, and training is, in fact, very small. Under this situation, we must make the best possible use of the limited money, taking the state's difficulties into account and submitting ourselves to and serving the central task of economic development.

In short, the modernization of national defense is an important component part of our "four modernizations" and provides powerful protection for achieving the other three modernizations. Without powerful defense capability, it would be impossible for such a big country as ours to gain a foothold in the international arena. With a strong national defense, we can both win and prevent a war, discouraging any enemy from taking reckless action. To have a prosperous country and a strong army, to revitalize the Chinese nation, and to effect economic take-off have long been the cherished wishes of high-minded people in China's modern history and the persistent aspirations of Chinese Communists, who have given their lives one after the other. We must enhance our sense of responsibility and urgency in vigorously promoting modernization of national defense. We must work hard to build our Army into a strong, modern, and regular People's Army.

Proceeding From the Actual Conditions in Our Country and Army, Vigorously Promote Modernization of the Army

In order to safeguard their national interests and realize their strategic goals, some world and regional powers are improving the quality of their armed forces and striving to upgrade the level of modernization. However, because the various countries differ in political system, economic strength, scientific and technological level, geographic conditions, cultural traditions, foreign policy, and military strategy, therefore they differ widely in the ideas and methods regarding modernizing their armed forces. We have always stressed that the modernization of our Army must proceed from the actual conditions of our country and our Army, sticking to our own road. According to Comrade Deng Xiaoping's idea of army building in the new period, and based on the positive and negative experiences in modernizing our Army, the following eight areas must be grasped in building a modern Army with Chinese characteristics:

1. Resolutely put revolutionary nature in first position and ensure that the modernization of our Army has a correct direction.

A revolutionary nature is our Army's unique political quality. Under any conditions, the basic principle of upholding the party's absolute leadership over the Army cannot change, the purpose of wholeheartedly serving the people cannot change, and the outstanding tradition of our Army cannot be abandoned. The more developed the modernization construction, the more the need to strengthen the revolutionary nature. At present, the whole Army is profoundly implementing the spirit of the 14th Party Congress and arming itself mentally with the theory of building socialism with Chinese characteristics and with Comrade Deng Xiaoping's idea of army building in the new period; it is guiding the broad masses of officers and men to handle properly the adjustment of interest in the course of building the system of socialist market economy and taking action to safeguard the party's line, principles, and policy. It is necessary to

vigorously: Strengthen the building of party committees at various levels in the Army, as well as the party branches at the grass-roots level; uphold the principle of democratic centralism; strengthen clean government building; and enable them to become a strong leading core and fighting force. We must uphold the policy of both ability and integrity when selecting cadres and give jobs to those who have good moral character; we must promote the cadres who are obedient to the party and have strong work ability to the leading posts. The Army must resolutely listen to the orders of the CPC Central Committee, with Comrade Jiang Zemin as the core, and to the orders of the Central Military Commission. It is necessary to strengthen ideological and political work; carry out education on patriotism, revolutionary heroism, and revolutionary outlook on life; develop the "five kinds of revolutionary spirit"; arouse the enthusiasm among the broad masses of officers and men in dedicating themselves to the national defense undertaking; and ensure that the modernization of our Army has a smooth process.

2. Adhere to the military strategy of active defense and increase our Army's defense and combat ability under modern conditions.

As a country's main military policy, military strategy is an important component part of the country's strategy and the basic grounds for building and using armed forces. A certain military strategy pursued by a country will lead to the building of a certain kind of army. The modernization of armies in the countries which pursue hegemony is mainly based on the development of long-range offensive weapons and aimed at carrying out global combat operations. Some regional powers have built modernized armed forces which far exceed the needs of defense, caused by their expansion strategies in their regions. We are a socialist country and we have always opposed hegemony and power politics; even if we become strong in the future, we will not pursue hegemony. The mission of our country's armed forces is to keep our territories, territorial waters, territorial airspace, and oceanic interests free of infringement; to safeguard the unity of the country; and to defend the security of the country. Therefore we adhere to the military strategy of active defense and the modernization of our Army emphasizes the need to defend our native country and nearby seas, improving the defense and combat ability under modern conditions.

3. Uphold the principle of integrating self-reliance with the vigorous import of advanced technology from abroad and quicken the pace of modernization of weapons and equipment.

Modernization of weapons and equipment is an important sign and material base of modernization of the Army. To modernize weapons and equipment, our foothold must be on our own strength. A big developing socialist country like ours cannot buy modernization of the whole Army, whereas other countries will not sell us the most advanced things and, even if we can buy those

things, we will still be under the control of others. Through hard struggle for more than four decades, we have already established a relatively complete system of scientific research and industries for national defense purposes. We have the ability to develop modern weapons and equipment, relying on our own strength. When we stress self-reliance, we do not mean we will close the door to pursue our own construction. What we mean is to actively create conditions to import advanced technology from abroad and borrow every useful experience. Military science and technology has no international boundary. One of the basic principles of modernization of weapons and equipment in our Army is to mainly rely on our own strength for regeneration, while selectively importing advanced technology from abroad, centering on some areas.

In order to improve our Army's weapons and equipment as soon as possible, we stress: First, establish the concept of using science and technology to improve the Army, strengthen scientific research, monitor the latest technology, and strengthen basic research, with emphasis on electronic technology. Second, emphasize key points, develop mainly conventional weapons, and enable the main combat equipment to reach new standards as soon as possible. Third, pay attention to efficiency. We must step up efforts to manufacture new equipment and enhance our technological strength; on the other hand, we must pay attention to using new technology to improve existing equipment, allow new equipment to coexist with older models, which will be renewed batch by batch, so that less money is spent, more things can be done, and the renewal period can be shortened. Fourth, improve coordination. When a new project is launched, in the very beginning, we must consider from an overall angle the related technological support, auxiliary facilities, training of personnel, and other problems; we must ensure that after the Army units receive the new equipment, they can achieve combat effectiveness very quickly. Fifth, strengthen technical training and management. Be it new or old equipment, cadres and fighters must skillfully master it through strict training so that they can use it with ease. At the same time, we must further improve the system of equipment management, strictly enforce the regulations on management of weapons and equipment, as well as other rules and regulations, and extensively launch education on caring for equipment in Army units, to ensure that weapons and equipment are in good technical condition. By adopting these comprehensive measures, we will strive to enable the overall standard of the weapons and equipment in our Army to show a relatively big improvement by the end of this century. So long as we can organize work carefully and safeguard work effectively, we will be able to achieve this goal.

It should be pointed out that modernization of weapons and equipment is determined by the country's economic strength and scientific and technological level. We must proceed from our country's conditions and cannot compare everything with advanced international standards,

nor pursue unrealistically high indexes and high speed. Of course, from this we cannot say that it is now peacetime so we can let our horses graze in the south mountains, put our swords and guns in the warehouses, and grasp modernization of the Army after the economy is developed. It takes a long period to carry out research on weapons and equipment and to manufacture them, therefore the thinking that the Army should be modernized only after the country becomes rich is one-sided. If we do that, the gap between us and the advanced standard in the world will become bigger and bigger. Therefore, regarding the building of weapons and equipment for our Army, we must act according to our strength and do as much as possible.

4. Resolutely put education and training in a strategic position, training and grooming a large number of modern military talent.

To modernize the Army, the key point rests with personnel. Weapons and equipment can only be combat effective when they are closely integrated with personnel. If the quality of personnel is not high, they cannot win a war even if they have advanced weapons and equipment. Under modern conditions, the Army tends to become a technology-intensive armed group and there are high demands on the quality of soldiers, especially the commanders at various levels. If the commanders have a grasp of strategy, tactics, and military knowledge, but do not have scientific and technological knowledge and engineering techniques, then they cannot command in modern warfare. If engineers and technicians know nothing about strategy and tactics, then they cannot actively, promptly, precisely, and efficiently accomplish their duties in technological support. The level of modernization of our Army's weapons and equipment is still not high and we should attach greater importance to upgrading the quality of officers and men. Comrade Deng Xiaoping has repeatedly stressed that under peacetime conditions the Army improves its combat ability mainly by relying on education and training, which should be put in a strategic position. The instruction by Comrade Deng Xiaoping profoundly reveals the objective law of army building in peacetime and is the important principle guiding the modernization of our Army.

To train modern military talent, one important thing to do is to run military academies properly. The Central Military Commission has decided that those who have not been trained by the military academies cannot be promoted to the position of cadres; at the same time, it has also decided that the cadres at or below battalion level must be trained by primary command colleges, the cadres at division and regiment levels must be trained by secondary command colleges, and the cadres above army level must be trained by the PLA National Defense University; and that those who have not been trained cannot be promoted to ensure that cadres have the knowledge to suit the leading posts given to them. The whole Army must work together to uphold this system. We must adjust the personnel training plan and the plan

of duties assigned to military colleges, further improve the system of training in military colleges, and carry out various kinds of experiments in combining command with engineering and technical training. Military colleges should center on teaching and use teaching to promote scientific research, which will then be used to promote teaching. We must earnestly improve teaching quality and the efficiency in running the colleges, building various kinds of military colleges into bases for training modern military talent.

The growth of talent cannot part with practice. The Army units are the important classrooms in which the cadres transform the knowledge they learn from the military colleges into actual ability. We have always stressed that: Army units should uphold military training as the center, and training of cadres as the key point, and strengthen training for coordinated warfare and tactics; they should drill the units in an environment which resembles a real war, training in command, coordination, tactics, and style; and that they should let cadres of various levels digest, use, and consolidate the knowledge they learn through training and practice, to improve the art of command, grasp the methods of leading soldiers, and master the way to employ soldiers. At the same time, attention should be paid to exchanging cadres from different war zones and service arms, derive plans to arrange acting posts in army units for cadres from party and government units and military colleges, select outstanding cadres from army units for posts in senior-level party and government units, and create chances for cadres to train and improve themselves.

5. Uphold the principles of crack troops, combined warfare, improving efficiency, and of integrating peacetime duties with wartime ones; optimize the system of establishment of the Army's Table of Organization [TO].

The Army's TO is the tie which links personnel to weapons. Only when the TO is scientific and rational can it give maximum play to the role of persons and weapons and improve efficiency in overall warfare. Our principle is to build a crack regular Army while vigorously stepping up the building of reserve strength at the same time. The regular armed forces will be organized according to the principles of crack troops, combined warfare, improving efficiency, and of integrating peacetime duties with wartime ones.

First, we must maintain an Army of an appropriate scale. Judged from the international strategic situation and from our country's surrounding environment, it is unlikely that at present and for a certain period to come, a full-scale war requiring the whole nation to fight an enemy will erupt. The main threat to the security of our country is limited warfare. However, our country is vast and has a varied topography, long coastal and land boundaries, underdeveloped communications, and a low level of modernization of the Army. It is therefore necessary and appropriate to maintain 3 million troops at this time.

Second, priority must be given to the development of the Navy and Air Force and to strengthening the building of technical arms. Our country is a big country facing the sea and has territorial waters of several million square kilometers, as well as interior waters, continental shelves, and the waters in the economic zones which should be under our jurisdiction; our country has a coastline of 18,000 kilometers with 6,500 large and small islands. The sea has a bearing on the existence and development of the Chinese nation. In order to protect our country's oceanic interests, we should build a strong navy. Under modern conditions, be it a war on land or at sea, we cannot part with the support of air force. Therefore, we must put modernization of the Navy and Air Force in the priority position. The ground forces should attach importance to the building of the arms of service such as artillery units, armored units, army airmen, engineers, and counter chemical warfare troops, and should appropriately adjust the structure and proportion of the various arms of the service. The strategic missile units should be capable and effective.

Third, we must improve the scientific establishment of the arms of service and units of the Army. The establishment of combat units should show a high degree of integration, and there should be a complete set of units specializing in surprise attack, covering, support, combat, service, technical support, and logistics, so that the Army has a stronger ability to fight independently. When they train together in peacetime they can accomplish missions in a coordinated manner in wartime. Of course, the units at different levels have different combat functions and their degree of integration should vary. The military and geographic conditions and combat duties in various directions are different, therefore the TO should also diversify.

Fourth, we must streamline organs and enrich army units. When organizations overlap, departments are overstaffed, and there are more hands than needed, not only is command difficult and efficiency low but things such as: "Mountains of documents and seas of meetings," bureaucracy, and formalism, will emerge, leading to chaotic work schedules in army units. The overstaffed situation in senior departments has greatly changed after several cuts but we still have to prevent expansion from reemerging. Army units must be solid, neat, and just adequately manned.

6. Run the Army resolutely according to law, strive to build it into a more regular force.

The Army is a highly centralized armed group and it will not be combat effective if it does not have unified will and iron discipline. Modern warfare requires the various service arms to fight in a coordinated manner and it is necessary to "have unified command, a unified system, a unified TO, unified discipline, and unified training," and to have "organization, planning, precision, and discipline." Taking the management and use of weapons and equipment as an example, if they are not kept and maintained in accordance with regulations, and not used

according to operation regulations, not only will they fail to play their proper role but they will easily cause accidents. Here we can see that to modernize we have to regularize. The higher the degree of modernization of the Army, the higher the demand for it to be regularized. Precisely because of this, the Central Military Commission attaches great importance to the building of regular armed forces and it stresses the need to establish and perfect rules and regulations, strengthen legislation for national defense and the Army, and really run the Army strictly according to law. It demands that army units use rules and regulations to standardize every action and establish a regular order for war preparations, training, work, and daily life. To senior-level departments, the most important thing is to establish a regular decision-making procedure, make decisions scientifically, and reduce or avoid mistakes. Through long-term and persistent efforts, we will bring the building of our regular armed forces to a new level.

7. Adhere to the principle of hard struggle, build the Army diligently and economically, and fully dig into the potential of the currently existing material conditions.

When we carry out modernization construction, the tradition of hard struggle and building the Army diligently and economically cannot be abandoned and we must practice frugality when doing every thing. Under the current conditions of inadequate military expenditure, the contradiction between living expenses and the expenses on equipment is very acute, and indeed hard to handle. When the living standards are too low, the basic need of officers and men can hardly be met; when more is spent on daily life, equipment cannot be developed and combat effectiveness cannot be improved. The principle for handling this contradiction is that improvements in living standards must be moderate, various kinds of administrative expenses must be cut, and military expenditure must incline to equipment and construction as much as possible. At present, we feel that there are inadequate funds on the one hand and, on the other hand, there is indeed some waste in some other areas. This phenomenon must be corrected. When we advocate hard struggle, we do not mean we just want to preserve the virtue of plain living and frugality. What is more important is that we must have the fighting spirit of doing hard pioneering work. We call on the whole Army to develop the spirit of doing pioneering work summarized in 64 characters by Chairman Jiang Zemin and continuously forge ahead as we overcome difficulties.

8. Adhere to the principle of reform and innovation; promote modernization of the Army.

There is a long road to go to modernize our Army. On the road ahead, we will certainly meet many difficulties and contradictions. Judged from the current conditions of the building of our Army, there are many old problems which have been left to us by history and there are many new issues which we have not seen before. There is no way out if we do not carry out reform. We must inherit

Mao Zedong's military thinking and use Comrade Deng Xiaoping's idea of army building in the new period as guidance to: Thoroughly study the characteristics and laws of modern warfare; actively explore the guiding thought and principle for future battles, as well as the method to command various arms of service in a coordinated warfare; develop our Army's military thinking, strategy, and tactics, and in particular, efforts must be made to study the new tactics of using inferior equipment to beat an enemy with superior equipment; and to create a new form of people's war under modern conditions. We must inherit and develop the good tradition which we established and developed in several decades of revolutionary war, and keep enriching its content by considering the new conditions, to enable it to preserve the rich flavor of the day and great vitality and to pass it on to future generations. We must continue to carry out reforms in the areas of command system, the system of education and training, and the system of logistics support, and further improve the operation mechanism within the Army. It is also necessary to carry out reform of the cadre, wages, housing, military service, and the Army units management systems, ideological education, and supply of materials to adapt to the new situation of development of socialist market economy and to catch up with the pace of reform in the country. The duty of reform of the armed forces is very arduous and we must emancipate our minds, seek truth from facts, be active and yet steady and be bold and yet prudent. Various reforms must be carried out with guidance and steps, orderly, and in a top-to-bottom manner, to maintain the high degree of stability, centralism, and unity of the Army.

Comrade Jiang Zemin pointed out in his report to the 14th party congress: "The party organizations and governments of various levels, and the people in the whole country must, as always, care for national defense and support the Army in accomplishing various duties." Our Army is the People's Army, and the people back us. In the years of war, the material conditions were very difficult and the struggle environment was very cruel but our Army developed from a small one to a big one and moved from one victory to another. The basic reason was because it relied on the people to conduct the fighting. After the founding of New China, every bit of achievement and progress made by the Army was inseparable from the vigorous support of the party committees at the various levels, the government, and the broad masses of people. We happily see that the glorious tradition of supporting the Army and giving preferential treatment to families of revolutionary army personnel and martyrs, and supporting the government and loving the people, has been further developed today. Local party committees and governments at various levels enthusiastically support the building and reform of the Army and have done a great deal of work in resettling cadres who have resigned and demobilized soldiers, solving difficulties for the families of servicemen and martyrs, improving the material and cultural conditions

for Army units, protecting military facilities, and supporting the Army in developing agricultural and sideline production. They have made indelible contributions to upgrading the combat effectiveness of the Army. The officers and men throughout the whole Army will always remember this.

Under the new situation, modernization of our Army is even more inseparable from the care, understanding, and support from the party committees and governments of various levels, and from the broad masses of people. A firm concept of national defense can be transformed into a huge rallying force for the nation. It is hoped that the party committees and governments at various levels can stand at strategic heights to earnestly grasp national defense education, a big matter which is good for the country, the Army, and the people; and that they can enhance national defense awareness by the whole people. Local economic construction, especially the construction of some important facilities such as main roads, large bridges, airports, and ports, must consider the need of national defense, be planned centrally, and have a rational distribution. It is necessary to resolutely implement the Regulations on Protecting Military Facilities and harshly crack down on various crimes which destroy military facilities. Party committees at various levels must continue to uphold the basic system in which the party commands armed forces; they must support militia and reserve work, solve actual problems, and further strengthen the building of reserve strength. The work in arranging jobs for cadres from the Army has a bearing on the stability of the Army. In the next three years, more than 100,000 cadres have to be resettled. This duty is difficult and the Army and local authorities must work together to do this work well. It is hoped that the relevant ministries and commissions and various provincial and municipal governments and party committees can support the research on, and manufacture of, new weapons and equipment, back up military industrial production units, and help solve difficulties. Both the Army and local authorities have a responsibility to solve some contradictions and problems properly and improve the ties between the Army and governments and between the Army and the people. The Army should be modest, prudent, and respect local party committees and governments; the local authorities should understand the Army's difficulties and actively help in solving them. We must profoundly and persistently launch the activities of supporting the government and loving the people, and supporting the Army and giving preferential treatment to families of revolutionary army personnel and martyrs; continue to carry out various kinds of construction activities to be undertaken jointly by the Army and the people; further consolidate and develop the good situation of breathing together, tying our fates together, and linking heart to heart; and work together as one to win a bigger victory in the socialist modernization undertaking.

Army Paper Urges Journalists To Resist 'Money Worship'

HK1608153793 Beijing JIEFANGJUN BAO in Chinese
6 Aug 93 p 1

[Article by JIEFANGJUN BAO commentator and XINWEN YU CHENGCAI commentator: "Military Journalists Must Conscientiously Resist Money Worship"]

[Text] Recently, the Propaganda Department of the CPC Central Committee and the State Press and Publications Administration jointly issued the "Notice on Intensifying the Building of Vocational Ethics and Prohibiting 'Compensated News'[you chang xin wen 2589 0326 2450 5113]." Directed against the problems existing in the field of journalism, the notice makes concrete stipulations with regard to preventing and rectifying malpractices. This is an important measure for enhancing the building of professional ethics in journalism. Journalists in the Army must study the notice thoroughly and put it into effect conscientiously.

Journalists in our Army are, by and large, a contingent with consciousness, dedication, and fighting capacity. The vast number of young and veteran journalists all harbor a bitter hatred for the malpractices and corrupt phenomena that emerged in the ranks of journalists in recent years such as money worship, "compensated news" deriving from that, and other things. Over the past few years, the editorial department of this newspaper and the Army's propaganda departments at all levels have formulated and implemented quite a few stipulations, which have played a positive role in enhancing the building of professional ethics in the ranks of journalists. However, there is no need to deny that a small number of comrades could not withstand the corrosion of money worship. They changed from frowning upon, to feeling no repugnance against the said malpractices and lowered demands on themselves, thus bringing about bad tendencies which have caused damage to the image and reputation of journalists in the Army. In this regard, we must under no circumstances take it lightly.

Comrade Jiang Zemin pointed out: Under the new historical condition, our Army should exercise a better leading role in the building of spiritual civilization and advance in the front row of society. Our journalists are people who disseminate spiritual civilization, so naturally, they must stand in the forefront of the struggle to resist money worship and rectify malpractices. Looking back at history, either in the revolutionary war years or in the peacetime construction period, our Army's journalists have from generation to generation regarded fame and interests as nothing and have given no thought to their personal safety. Either on the battlefields filled with smoke or in disasters full of perils, they have placed the interests of the party and the people above everything else and shown selfless dedication in writing articles industriously. This way, they have manifested the

moral integrity inherent in proletarian journalists. At present, in the face of the money worship erosion, should we resist the corrosion and keep away from it forever, or should we drift with the tide? As a journalist in the Army, every one of us should give an answer through his practical action, with which all the cadres and soldiers of the Army and the entire nation will be satisfied!

In a bid to take the lead in implementing the guidelines of the abovesaid notice, we should penetratingly study and understand its contents and, what is more, we should put them into practice. As action is guided by understanding, only by studying well a series of the directives issued by the party's central authorities and the Central Military Commission, the latter's decision on intensifying the building of a clean and honest administration in particular, to acquire a clear understanding on the danger of money worship from its innate character, can we build a great wall of steel resisting the corrosion and guarding against degeneration ideologically. To put the spirit of the notice into effect, we must make appropriate self-examination, correct our mistakes if we have made any, and guard against them if we have not, thereby checking erroneous ideas at the outset so as to provide against possible trouble.

All the comrades in the Army are watching us. Every one of the Army's journalists must "start with himself, act right now," and exercise self-discipline to be clean and honest so that he will not fall short of the people's expectations. With a view to putting into effect the guidelines of the notice, this newspaper will further perfect pertinent stipulations on intensifying the building of vocational ethics and, to this end, we welcome the supervision and assistance given from comrades of the entire Army.

Economic & Agricultural

Zhu: Reforms Can Solve Existing Problems in Economy

OW1708200693 Beijing XINHUA in English 1306
GMT 17 Aug 93

[Text] Beijing, August 17 (XINHUA)—Chinese Vice-Premier Zhu Rongji told a group of Chinese banking officials that the problems which have arisen in China's economy can be solved mainly through the reform program.

Speaking at a meeting of the general managers of the overseas institutions of the Bank of China (BOC) and the People's Insurance Company of China (PICC), Zhu said that the policies and regulations China has adopted on strengthening economic macro-control are correct.

Zhu, also a Standing Committee member of the Political Bureau of the Central Committee of the Chinese Communist Party, said that the economic situation will become better if China continues to implement these policies.

"We should carry out the rectification by means of reform, accelerate the reform on the basis of rectification and lose no time in promoting reform", the vice-premier said.

Chinese Vice-Premiers Li Lanqing and Qian Qichen also attended the conference, which opened here on August 10 and closed Monday [16 August]. The three vice-premiers listened to reports and expressed appreciation for the work of the overseas institutions, urging them to work more actively to better serve the reform and opening-up of China.

BOC President Wang Deyan and PICC General Manager Li Yumin delivered speeches at the meeting.

In recent years both BOC and PICC have expanded their overseas network. Work in all aspects of these overseas bodies has steadily developed, and the overall strength and advantages have been further exploited.

The meeting called on the participants to seize favorable opportunities, bring all positive factors into full play, absorb advanced management and technological equipment and build up an army of highly qualified people on international finance and insurance work so as to serve the modernization drive.

It also urged the institutions based in Hong Kong and Macao to do more work for regional economic prosperity and get themselves fully prepared for China's resuming sovereignty over Hong Kong and Macao.

Also present at the meeting were He Chunlin, deputy secretary general of the State Council; Lu Ping, director of Hong Kong and Macao Affairs Office under the State Council; and Zhou Zhengqing and Chen Yuan, vice-governors of the People's Bank of China.

Macroeconomic Control Sees Initial Success

OW1808111593 Beijing XINHUA Domestic Service in Chinese 1037 GMT 6 Aug 93

[Text] Beijing, 6 Aug (XINHUA)—Since the CPC Central Committee and the State Council issued to lower levels the measures to strengthen macrocontrol, all localities and departments have seriously implemented them in light of local reality and have achieved initial success in some respects. The nationwide task of treasury bond purchase has been completed, residents' savings deposits have drastically picked up, and foreign exchange regulatory market rates are becoming more and more rational. The craze for real estate and development zones has begun to subside and measures have been carried out and stepped up to reexamine the importance and urgency of projects under construction, strictly control new construction projects, stabilize commodity prices, and control institutional purchase.

Various localities and departments generally hold the following views: The current measures to strengthen macrocontrol mainly employ economic means with emphasis on structural readjustment. They will play an

important role in seizing the good opportunity for development, accelerating the pace of reform and opening up, speed up the establishment of socialist market economy, and ensuring a steady, rapid and sound economic development.

During the course of implementing the central authorities' measures to strengthen macrocontrol, various localities and departments have put forward some concrete measures and opinions in consideration of local reality. The Xinjiang Uygur autonomous regional party committee and government emphasize the necessity to recover within a prescribed time all loans which are extended to monetary organizations other than banks; strive for a steady increase in bank savings deposits in the second half of the year; readjust the credit pattern; ensure availability of funds for purchase of agricultural and sideline products, circulating funds for major productive enterprises, key construction projects, and loans for export trade needs; and strive to reduce expenditures of consumptive nature and resolutely stop "dinner party craze," "overseas travel craze" and "craze for sightseeing with public funds." The Henan provincial party committee has proposed 11 measures, including: conducting a comprehensive screening of all monetary organizations in the province in the near future and disbanding all monetary organizations which were set up without the approval of the People's Bank, or having them merged into legitimate monetary organizations, before the end of August; and reexamining the projects under construction with provincial authorities' approval and resolutely discontinuing or suspending the construction of some of them if they violate government industrial policy, lack building funds, or lack the necessary conditions for construction. The Liaoning provincial party committee and government have pointed out the necessity of keeping the currency issuance within the state-stipulated scope, step up readjustment of the investment pattern and product mix of enterprises, investigate and analyze one by one foreign-funded enterprises in the province which incur losses, and prevent the transfer of profits or capital to create artificial losses and evade taxes. The principal measures adopted by the Beijing municipal party committee and government include: Monetary organizations in Beijing will step up supervision and inspection of cash in the hands of enterprises and institutions in accordance with relevant cash management regulations. Monetary organizations will strictly control the cash in circulation in accordance with plans and make great efforts to withdraw excessive cash from circulation. Real estate development companies must sell at minimum-profit prices 30 percent of their commercial housing to accommodate families which are displaced as a result of urban construction projects or which suffer critical housing shortage. Effective measures will be taken to maintain the basic stability of commodity prices as a whole.

The People's Bank of China [PBOC], the Finance Ministry, and the State Administration of Taxation held a national banking work conference, a national financial

work conference, and a national taxation work conference. To deal with existing problems on the banking and finance and taxation fronts, the conferences separately proposed "rectifying the banking order, enforcing banking discipline, promoting banking reform, and strengthening macrocontrol" and "rectifying the finance order, enforcing finance discipline, improving tax collection and management, and accelerating finance and taxation reform." Since the national banking work conference, the PBOC has seriously implemented its guidelines. The major actions being taken include: immediately stopping all illegitimate lending, screening all loans which have been extended, and recover within a prescribed time all loans which are extended in violation of regulations; banning monetary organizations from raising loan interest rates, either without authorization or under a disguised form; and immediately stop extending loans to economic entities run by banks and take positive measures to make funds available for key projects. The State Planning Commission is actively working in coordination with other departments concerned to stabilize the monetary situation, stop indiscriminate fund-raising, stabilize foreign exchange market prices, reorientate investment according to industrial policies, strengthen the infrastructure, and step up the development of basic industries. The State Economic and Trade Commission has pointed out six high-priority tasks: 1) seriously examine and screen on-going technological transformation projects and strictly control new projects; 2) do a good job in coordination with other departments concerned in detecting any loans extended in violation of regulations and any unauthorized fund-raising; 3) continue to restrict the production of overstocked products, promote the sale of overstocked products, and ensure availability of circulating funds for those enterprises which yield marketable goods and operate with good economic efficiency; 4) organize a campaign to increase production and practice economy and to raise revenues and reduce expenditures, as well as the campaign to promote work ethics, among enterprises; 5) concentrate on enterprise reform, and continue to pay attention to implementing "Regulations on Transforming the Operational Mechanisms of State-Owned Industrial Enterprises" and other supportive provisions; and to continue to do a good job in technological transformation of enterprises, tapping the potential of transportation, expanding capacity, enhancing efficiency, restricting the production of overstocked goods, increasing export, and improving import management. In view of slow export growth in the first half of the year, the Ministry of Foreign Trade and Economic Cooperation is stepping up the implementation of various measures to support export, seriously solving problems concerning export trade, and trying every possible means to fulfill or over-fulfill this year's export and foreign-exchange-earning plan. The Petrochemical Corporation has proposed "four guarantees and four things which must not be discounted"—namely, to guarantee output, quality, safety, and profit; and to ensure that the quantity of products for supporting agriculture and the

army, the quantity of materials for unified state distribution, the quantity of export products, and the amounts of foreign exchange income, funds delivery to the state, and foreign debt repayment are not discounted. The Construction Ministry has specifically planned a general inspection of real estate development and marketing agencies and put forward concrete measures to strengthen macromanagement of real estate market and to promote a sound development of real estate industry and housing construction.

According to the department concerned, the current situation in various localities also shows some problems which merit attention. First, it is necessary to further unify the thinking and understanding of all localities and departments and correctly handle the relationship between the local and partial interest and the interest of the whole. Second, it is necessary to conduct thorough investigation and study, clearly find out the major problems of the locality and the department, propose proper solutions, and adopt effective measures to solve the problems. Third, it is necessary to pay attention to analyzing new circumstances and new problems and propose measures for preventing any problems which are likely to happen.

Proposal on Control, Regulatory Measures Advanced

*HK1808003793 Hong Kong MING PAO in Chinese
13 Aug 93 p A14*

["Special dispatch" from Beijing by special correspondent Ching Chi (5427 2765): "The State Information Center Advances a Proposal for Appropriate Control and Regulation, Urging That More Stringent Measures Not Be Promulgated"]

[Text] The State Information Center recently raised a proposal to the State Council saying that when implementing the central economic policy of macrocontrol and regulation, the existing control and regulatory capacity should be maintained and no more stringent control and regulatory measures (retrenchment measures) should be introduced; particularly, the central government should be cautious with the introduction of administrative measures. An expert of the State Information Center also reminded the relevant department that if ignition slackens again after the emergence of serious debt chains, the price will be even greater.

The State Information Center, an institution affiliated with the State Planning Commission, submitted this proposal to the State Council after drawing up a policy pattern on the present macroeconomic situation.

The expert pointed out: The target and method of the central authorities are correct in strengthening macrocontrol and regulation. Without appropriate macrocontrol and regulation, excessive economic growth will be difficult to control, and finally severe retrenchment measures will have to be taken, which might bring about large-scale economic fluctuations. But unfortunately, the

policy for exercising control and regulation was promulgated a little late. If a financial control and regulatory policy had been introduced before the end of last year, the present grave situation would not have emerged in this year's macroeconomic environment.

Because economic control and regulatory methods take a long period to produce results, an overheated economy will need a half year or even longer to return to normal, whereas magnifying the control and regulatory capacity could bring about greater side effects. In this "dilemma," macrocontrol and regulation should be mainly targeted at the following two aspects:

1. Stabilizing the civilians' consumption, including stabilizing commodity prices and their mentality about prices, taking serious account of agricultural production, and maintaining a stable increase in civilians' deposits.
2. Preventing funds from flowing unlimited into the investment field. This is particularly important at a time when investment autonomy is expanding and a restriction mechanism has not completely taken shape.

Because the trend of price hikes is not easy to curb, the expert suggested raising the interest rates by 1 to 2 percent at an appropriate time in the fourth quarter of this year, to maintain the stability of the civilians' consumption mind and their deposits.

The real estate market and the securities market are indispensable factors in establishing the market economic structure. Maintaining a certain capital input and speculation in these two markets is conducive to market growth. The economic expert continued: The confusion in the real estate and securities markets has resulted from the backward control and regulatory structure and backward policies and regulations. We should not exercise rigid control with the old planned economic methods because of this confusion; instead, we should expedite legislation and step up our efforts to build a market regulatory mechanism so that the two markets will develop faster.

According to an estimate of the economic development trend for the second half of this year by the Forecast Department of the State Information Center, following the increase in interest rates, the screening of inter-bank loans, and the implementation of measures on curbing arbitrary fund raising, the increase in investments in fixed assets in the entire society will slow down, heavy and light industrial production rates will decrease in the fourth quarter of this year, and the annual gross industrial output value will amount to more than 3,500 billion yuan, an increase of 25.9 percent. The industrial output value will increase by 27.8 percent in the third quarter of this year and by 25.2 percent in the fourth quarter.

Consumption demand will also be affected a little. The increase in the annual retail price index is estimated at about 12.5 percent. Bank loans can be controlled within

the framework of plans, but money issuance will see an increase of 190 billion yuan, to resolve "IOU notes" and payment difficulties.

State Switching Emphasis From Coastal to Inland Zones

HK1808081593 Beijing CHINA DAILY in English
18 Aug 93 p 1

[by staff reporters Zhu Ling and Wang Yong: "Bid To Plug Economic Chasm As Zones Close"]

[Text] The State's Crusade against the runaway establishment of development zones will plug the vast economic gap between China's east and west, a top official said yesterday.

The government is planning to switch the emphasis of the zones from coastal areas to inland and riverside regions, said Liu Peiqiang, a senior official with the State Council, China's cabinet.

The move will provide a much-needed boost to poorer areas, he said, and tap in to their vast natural resources.

It will also bring work to defence industries which are now moving into civilian production.

Unblinking development in the zones, which provide massive tax breaks for investors, has been causing concern in the government.

So in the past four months it has slashed the 1,200-plus potential development zones in coastal areas by 75 percent.

The drop-out zones have in most cases failed to produce reasonable feasibility reports and cut into China's shrinking arable land.

The cull on unqualified development zones is part of the government's move to rein in credit and prevent inflation.

Liu, a deputy director of the State Council's Office for Special Economic Zones, told China Daily: "We're considering a shift to the vast hinterland, riverside and border regions in the establishment of such zones."

The implication that coastal areas had seen too much such development was clear.

But he sought to reassure domestic and overseas investors that the government's current rectification move would in no way put an end to the zones.

At present, there are 30 development zones across the country already approved by the State Council.

China first opened 14 such zones in its coastal area in 1984 to boost local export economies.

The zones mainly aimed to attract hi-tech and export processing ventures.

"But an excessive euphoria over the development zones has swept the nation since last year, which prompts the current rectification campaign," Liu said.

"We're correcting what is overdone. We're not shutting up the development zones at all," he explained.

Liu made it clear that only the State Council and provincial governments are entitled to approve development zones.

His vision of a move to the vast hinterland echoes last year's government decision to inject more cash into China's economic backwaters.

"Provincial capitals are among priorities that are likely to be allowed to have economic development zones," Liu said.

China has opened 11 new zones this year around Wuhan, Wuhu and Chongqing along the Yangtze River, Changchun, Harbin and Shenyang in the north, and Hangzhou, Xiaoshan, Panyu, Huizhou and Dongshan in the south.

Liu said big-name overseas companies were inclined to invest on a large scale in these zones.

He explained that investors could find it easier to explore China's natural resources and co-operate with the technically advanced defence enterprises in these zones.

Investors could also strike gold in the infrastructure and service sectors, the weak links in those regions, he said.

Economists have pointed out that the planned shift of tax havens to the west takes on an added significance as China enters the home stretch to rejoin the General Agreement on Tariffs and Trade (GATT).

It's simple to understand: China is unifying its national trade policy, so that its western region will no longer suffer from "inferior investment opportunities" compared with the eastern coastal areas.

Article Examines Shortages of Funds

OW1808104493 Beijing BAN YUE TAN in Chinese No 13, 10 Jul 93 pp 6-8

[Article by Ding Jianming (0002 1017 6900): "What Happened to the Funds?"]

[Text] Since the beginning of 1993, there has been an increasing need for funds in all sectors of society, and today the contradiction between the supply and demand of funds has become a prominent issue in the national economy.

A government official gave a vivid summary of the current fund situation: Today there are shortages of production funds in agriculture, shortages of circulating funds among enterprises, shortages of construction funds

for infrastructure, and shortages of funds to build supporting facilities for foreign-invested projects. In short, every sector and quarter experiences shortages of funds.

Like a sick person anxious to get help—any help—an enterprise in a city in Jiangsu in urgent need of funds went so far as to write to a journalist—a stranger—asking him to "help resolve the fund shortages."

As a result of the panic caused by the lack of funds, Fujian government officials stipulated: No funds are allowed to leave the province!

We still do not know where to get the funds for the Shanghai-Ningbo Expressway, a key state construction project. A responsible person of a state specialized investment company said the fund availability rate for key state construction projects this year is the lowest in history.

To attract funds, banks have no choice but to raise interest rates. The interest rates for treasury bonds have also risen again and again. Enterprises have tried to attract citizens to buy corporate bonds with high interest rates. Still, there is a shortage of funds.

What happened to all the funds? People have no difficulties knowing that the problem is in starting projects that should not be undertaken in the first place and in enterprises which used their short-term circulating funds for investment purpose.

High investment and economic growth, as if operating under the law of inertia, has brought increases in the need for funds. Since last year, the reform designed to establish a market economy has created a favorable environment for economic development. Economic growth has entered a new peak period. Many localities started projects in a big way, resulting in fund shortages. This is a fact known to everyone. However, we must also realize that the rapid increase in various forms of direct financing has thinly scattered bank credits and reduced fund sources.

Some people believe the current fund shortages are the result of tight money supply and inadequate credit and loans. However, if we compare China's money supply and credit in recent years vis-a-vis its economic development during the same period, current bank loans should be regarded as excessive, rather than inadequate. Between 1988 and 1990, bank loans increased 71 percent, while the sum of the rates of economic growth and price increase during this period rose only 40 percent. In 1991, the increase in bank loans exceeded the economic growth rate by 16 percent. In 1992, bank loans increased 19.8 percent, also higher than the increase in GNP during the same period. All this shows that a considerable proportion of the credit and loans extended between 1988 and 1992 exceeded what the economy required.

Judging from the current situation, credit and loans suffer from the following serious problems. First, funds for credit and loans are excessively utilized, and their

turnover is quite slow. The turnover of the nation's funds used for credit and loans averaged more than 200 days, compared with the shortest period of 100 days in the country's history. Second, short-term loans have become long-term loans, long-term loans have become permanent loans, and credit and loan funds have become budgetary funds. Third, products manufactured by industrial enterprises continue to tie up a considerable proportion of the working capital, the overdue loans continue to be at a higher ratio, and losses and debts continue to tie up a considerable proportion of loans.

Fund shortage is directly related to the economy, particularly to problems affecting enterprises. When so many enterprises lack vitality, it will be difficult to use bank funds in an efficient way. Under the current circumstances, we need to pay attention to the following three points: First, we lack correct understanding. Some localities put undue stress on speed whenever the call for accelerating development is made. They throw away efficiency and blindly seek investment and projects. They are unable to heat up what needs to be heated up and cool down what needs to be cooled down. Funds are scattered thinly, and duplicate construction has become increasingly serious. Second, we have difficulties adjusting product mix and our products cannot keep up with the growing market. There are also cases where production only leads to stockpiling of goods. Third, banks are handicapped by many factors and are unable to effectively use credit, account settlement, and interest rates as levers. They are unable to call in many of the loans made and are in a passive situation for a long period, operating beyond capacity.

We cannot resolve the problem of funds if we continue to use funds inefficiently or if we rely simply on increasing credit. The key lies in improving efficiency in the use of funds, in using our limited funds where they are needed most, and in tapping the inner potentials of our enterprises.

Our basic industries have lagged behind for a long period and this has become a bottleneck in accelerating the development of our national economy in recent years.

We understand that one-fourth of our nation's railway sections and one-third of its principal stations have reached the saturation point in utilization. Some 2.4 million tonnes of cargoes are stockpiled daily, unable to be shipped. This is equivalent to tying up 3.6 billion yuan of circulating funds. Because of serious shortages of our transportation capacity, coal produced in Shanxi, Henan, Inner Mongolia, and Ningxia is unable to be shipped to Shanghai and other industrial provinces and cities in east, central south, and northeast China, where coal and electric power are in short supply and where power use is restricted and factories operate below capacities.

To develop energy, raw materials, and other "bottleneck" industries, the key lies in putting in more funds. Maintaining basic stability in agriculture also requires

large sums of funds. The normal operation of hundreds of thousands of enterprises also cannot be accomplished without funds.

However, the realities of low or no returns from largest investment have told us that we cannot resolve fund shortages by simply increasing credit and loans. Particularly at present when commodity prices are rising at a faster rate, increasing bank loans is even less desirable. The only option is to improve efficiency in fund utilization, work hard to increase fund availability, guarantee essential projects, and reduce nonessential ones.

There is a huge amount of fund deposits in our society. According to an estimate, we will have 24 billion yuan available if we activate 1 percent of the deposits, or 48 billion yuan if 2 percent is activated. If the 2 percent is used in building key projects, we can build 12 large hydroelectric power stations like the Gezhouba station, more than 90 coal mines each with an annual production capacity of 4 million tonnes, 24 express highways like the 375-km Shenyang-Dalian Express Highway, or three railroads like the Beijing-Jiulong Railroad. We may say that there is a great potential for fund utilization at present.

Now, many enterprises and departments turn only to bank loans or fund raising when they want to solve the fund shortage problem. They are not doing enough to make better use of existing funds. They are like a beggar holding a "golden bowl" begging; but in fact, there is a great potential for them to make better use of their own funds. For this reason, enterprises and departments should overcome undue emphasis on bond issue and fund raising to the neglect of tapping their own potential. They should "fight a battle" of tapping potential and reducing fund-raising activities.

Of course, the comrades working for banks should pay attention to the problem of "more emphasis on extending than recovering loans" or "more emphasis on extending than controlling loans." Attention should be paid to extending loans to those enterprises which show good economic efficiency and conform to government's industrial policy and credit policy, and to ensuring that loans are extended to reliable borrowers. Even more attention should be paid to tracking and surveillance of the loans extended, and to ensure that the loans will be recovered within not too long a period and they will yield good benefits.

High priority should be given to ensuring the availability of funds for basic industry transformation, for building agricultural and key state construction projects, and for those enterprises which show good economic efficiency and marketability of products. Loans should be resolutely denied to basically nonessential projects and to enterprises which incur losses for a long time with products unmarketable and overstocked.

Official on Recovering Arbitrarily Granted Bank Loans

HK1808004193 Hong Kong HSIN PAO in Chinese
12 Aug 93 p 2

[Report: "Through Economic Regulation and Control, the Central Authorities Recover Only Half of the Loans Granted, But Allow Deferred Repayments for Two to Three Months"]

[Text] A Chinese banking official said to this reporter that one of the 16 measures on economic regulation and control having been transmitted to the lower levels by the central authorities was to call for banks at all localities to recover the short-term loans arbitrarily lent by them, which amount to 100 billion yuan (renminbi, the same currency is referred to hereinafter), by 15 August.

Up to now, the authorities have only recovered half of the abovesaid funds. After several central investigation teams inspected relevant localities, the central authorities allowed the repayments to be deferred for two to three months in accordance with individual circumstances.

Banks in various localities presumptuously set up securities, real estate, credit and investment, and other companies, and lent funds belonging to banks and the state to them for speculation on stocks and properties without authorization.

This official pointed out: It is somewhat difficult to recover the total funds amounting to approximately 100 billion yuan presumptuously lent by banks by the end of this week (15 August). Those which have been placed in stock markets are comparatively easier to recover. However, as quite a few funds have been put into real estate, and projects are under construction, these funds will be wasted if they are forcibly retrieved.

After the 10-odd central investigation teams conducted surveys in various localities, they thought it possible to recover the funds by allowing proper delay according to individual circumstances. Now they have worked out a plan to recover the funds at fixed dates on a case by case basis. The projects for deferred repayments are mainly those of real estate, and a small number of industrial and fixed investment projects are also included. The latest deadline for repayment is the middle of November.

The above official pointed out: Because of the real estate fever in China's coastal area, quite a few banks in the hinterland such as Guizhou, Sichuan, and so on presumptuously provided short-term loans to the development of real estate in south China coastal areas. As the Industrial and Commercial Bank of China is relatively large among the four major specialized banks, it naturally accounts for a larger proportion in the abovesaid loans.

A pertinent official denied that the recovery of only half of the 100 billion yuan loans indicates the failure of the measures on economic regulation and control. He

pointed out: In order to avoid local banks' deliberate delay in recovering the said funds by taking advantage of the deferred repayment plan, the projects eligible to such deferral have undergone strict examination.

In addition, the authorities have successfully checked the unapproved and illegal fund-raising activities conducted by some enterprises using high interest rates to attract people, and the illegal fund-raising activities of such units as the Great Wall Electrical Machinery Corporation have been banned one after another. Regarding the funds successfully recovered by the central bank, some of them have been put into the construction of the state's key development projects including energy, essential production, communications, and so on.

The pertinent official said: The authorities are now making arrangements for the funds necessary for the purchases of autumn grain. It is believed that there will not be great difficulties in that.

As to the issuance of banknotes, over 120 billion yuan of new banknotes were issued in China last year, and about 60 billion yuan were issued in the first half of this year. It is hoped that the new banknotes to be issued in the second half of this year will not exceed 100 billion yuan, and efforts will be made to maintain the same level of banknote issuance as last year.

In terms of stabilizing the exchange rate of renminbi, according to the above official, the authorities hope that the exchange rate of renminbi will maintain the level of \$1 against 8.7 to 8.8 yuan for a relatively long period of time. Owing to the tight money market of renminbi, the measure to compel enterprises to sell their hoard of foreign exchange began to take effect, and the authorities recently reduced the sales of U.S. dollars in large quantities in various major foreign exchange swap centers.

The 10-odd joint work teams and investigation teams sent by the central authorities to various localities to implement the 16 measures on economic regulation and control as stated in Document No. 6 will all return to Beijing by the end of this month, brief the higher authorities on the implementation condition of the said measures in various localities, and review the results scored by the endeavor of economic regulation and control.

Article Cautions People on Investment

OW1708103893 Beijing BAN YUE TAN in Chinese No 13, 10 Jul 93 pp 16-19

[Article by Yang Qingbing (2799 1987 0365): "Guard Against Temptation of High Interest Rate Investment"]

[Text] Raising funds is currently a sensitive topic of conversation in economic life, and it concerns the rights and interests of more and more investors.

Because raising funds involves various sides, we are not in a position to comment on this matter presumptuously.

Here, we only wish to tell those investors who are attracted by high interest rates and plan to make investments out of their own pockets: Be vigilant against temptation!

Fiery! [huo bao 3499 3615] Fiery!

An investigation report shows that in 1992 the total amount of funds raised by various units throughout the country reached 60 billion yuan, and that in the first quarter of this year the total amount of funds raised by various units reached more than 20 billion yuan. From newspaper reports we can see that the amount of funds raised by units in various localities is frighteningly large and those activities involved a wide range of enterprises.

Almost all enterprises in Liaoning's Yingkou Prefecture are raising funds with a total amount of 100 million yuan.

Village and town enterprises in Suzhou, Wuxi and Changzhou cities raised funds with a total amount of 3.86 billion yuan during the first three months of this year.

Besides, Hebei, Xinjiang, Hunan, Shandong, Fujian and Shanghai are all involved in the fund-raising tide.

Judging from the types of fund-raising, there are three main kinds: The first is raising funds with the nature of apportionment. In the name of conducting various kinds of activities, building highways in urban and rural areas, constructing irrigation and other facilities for agriculture, and achieving goals in developing education, funds are forcibly raised from the people based on the number of people. This kind of fund-raising pays no interest and is not assured of repayment, so people complain of this way of raising funds. The second kind is the welfare type. Some enterprises and undertakings are not short of funds but, in order to increase the income of staff members and workers in a disguised form, they "raise funds" from their own staff members and workers in the amount of 1,000 or 2,000 yuan and repay the money to staff members and workers after one or two years with an annual interest of 100 percent. Such high interest cannot possibly be paid by utilizing those funds. The staff members and workers are just paid by those units with public funds. This kind of thing should be stopped. The third kind is raising funds with the promise of high interest rates. In order to obtain funds, many places and enterprises raise funds from among their own staff members and workers or in society by promising a rate of interest higher than bank deposit and state treasury bill rates.

Judging from the present situation, raising funds with a high interest rate is most attractive. First, it has a high return. The annual interest rate is quite different in various places. It is from 15 percent to 20 percent, and in some places the annual interest rate is as high as 40 percent or more. Second, the amount of funds raised has no limit so large amount of funds can be raised.

Enterprises raise funds in this manner because they have difficulties borrowing money from the bank. There is great potential in raising funds from within their own ranks or from society. By paying interest in raising funds, both enterprises and workers can benefit. Why shouldn't they do it? The investors are interested in making such investments because the interest rate is higher than that of bank deposits and government bonds.

Enterprises need funds and individuals seek high interest rates. The two sides fit in readily with each other. However, investors are so hopeful of payment of high interest that they forget the great risks behind high interest rates.

Risk! Risk!

Many people think raising funds is not a risky thing. In fact, that is not quite so. All kinds of investment have risks, and investments with higher returns always have higher risks. This is an ironclad law.

Currently, fund-raising activities of our country's enterprises and society are rather chaotic and the problem of wanton fund-raising is quite grim. This undoubtedly is tantamount to holding the Damoclean sword over investors' heads.

Specifically speaking, investors participating in fund-raising may encounter at least three major risks.

First, policy risk.

In order to stabilize financial order, the State Council and relevant departments have successively issued several government orders on curbing wanton fund-raising activities since the beginning of this year.

When transmitting the circular from the Finance Ministry, the State Planning Commission, and the People's Bank of China about the floating of the 1993 state bonds, the State Council General Office pointed out on 27 February that it is necessary to "continue to uphold the principle of giving priority to floating state bonds. Apart from bonds for state investment, all other bonds must not be issued during the period when treasury bonds are being issued. The interest rates of various types of other bonds, which are not state bonds, must not be higher than those of treasury bonds issued during the same period."

On 11 April, the State Council General Office again issued the "Circular on Resolutely Curbing Wanton Fund-Raising and Strengthening Control Over the Floating of Bonds," and set forth seven specific requirements.

The above-mentioned State Council stipulations show that many current fund-raising activities offering high interest rates are in violation of the state policy. Thus the investments of many investors who are lured into wanton fund-raising activities because they do not understand state policy or because of high interest rates are not protected.

On 27 April, the State Council General Office circulated a notice criticizing and disciplining five large-sized companies in Xinjiang, Shandong, Fujian, and Hebei which violated state stipulations and engaged in fund-raising activities. Investors of these firms also tasted the bitter fruits of wanton fund-raising.

Second, the risk involved in enterprise operations.

The repayment of principal and interest will ultimately depend on enterprise profits. However, what can be done if enterprises cannot pay high sums of interest or even go bankrupt due to poor operating results?

Without funds, products, and facilities, and being 230,000 yuan in debt, Anhui's Bengbu Building Materials and Decoration Plant began to raise funds from the public in 1988 for its survival with a high three percent monthly interest rate. By the end of 1991, the plant had raised a total of 1.28 million yuan. However, the plant's products did not sell well due to poor management and poor product quality. In addition, the plant was immersed in flood water for 56 days during the biggest deluge of the century in 1991. The enterprise lost all its ability to repay the high sums of capital and interest amounting to about one million yuan. In April this year the plant went bankrupt. The local government could only propose to courts and banks to "do as much as you can to consider investors' interest and minimize individual losses."

A more objective analysis shows that currently the economic efficiency of many of our country's enterprises is not sound. In 1992, an enterprise could only yield 13.47 yuan of profit and tax from 100 yuan of capital. One-third of state enterprises still incur losses and another one-third are likely to incur losses. Most enterprises can hardly afford to pay high return rates of above 15 percent for funds raised by them. For those who pay more than 40 percent, the security coefficient is even lower, and the risk is even higher.

Fraud! Fraud!

Frauds have been carried out in the name of raising funds amidst the current fund-raising fad. This kind of risk can be called credit risk, although it is not based on any credit at all.

On 23 June 1993, the XINHUA NEWS AGENCY transmitted a long report entitled "The Bankruptcy of a One Billion Yuan Fraud," which unveils the "Changcheng Whirlwind" whipped up by the Beijing Changcheng Electronics and Machinery Industrial Corporation. According to the report, the company raised more than one billion yuan in a short period of several months in the name of developing energy-efficiency electronics and machinery equipment, using an exorbitant interest rate of 24 percent per annum as bait.

In this fund-raising hoax, which is still on trial, the company did not have the approval of the supervising department for raising funds, nor did it have the ability

to fulfill its obligations, according to the report. In addition, a large amount of the raised funds have been embezzled and squandered.

Yu Wanzhen is a 35-year old ordinary rural woman in Sichuan's Rongchang County. She has only a two-year primary education. She started several businesses at different times, all of which suffered losses and incurred usurious loans of several thousand yuan. One day a criminal idea occurred to her: The interest rate on my current usurious loans is 5 percent per month. If I borrow at 10 percent, there will always be people willing to lend money to me. I can use the new loans to pay off the old, and I will be on my way to making a fortune.

In April 1984, she began the brazen fund-raising in Rongchang County in the name of setting up a shovel factory and sugar refinery, borrowing money at 10 percent per month. At the end of each month she would take a bag of money to the county's marketplace to pay interest to the investors.

Through word of mouth, a total of 674 people involved themselves one after another in this "investment fad." One-third of them were office cadres, teachers, doctors, and even bank personnel. In 1989, as the number of new investors decreased and the money raised could not cover the interests of the loans previously made, she raised the monthly interest rate to 18.6 percent and persuaded a number of people in high positions to deposit public funds with her to "get extra interest."

In 1991, when Yu Wanzhen's "fund-raising" fraud was exposed, some 9.3 million yuan have passed through her hands and 191 investors suffered losses totaling more than 3 million yuan. Some investors who used borrowed money or public funds were sent to prison after losing everything....

Seeing only exorbitant interest rates, many people have hastily taken out money they earned by hard toil and saved over a dozen years or several decades, ignorant of the country's fund-raising policy, a company's business conditions, or even the identity of the fund raisers. They ended up losing everything. While their fate is pitiful, is there not a need for soul searching on their part?

Regulatory Control! Regulatory Control!

Theoretically speaking, fund-raising is an important, direct channel to fund enterprises and is conducive to the formation of a multichannel investment system. The heart of the matter, however, is that many enterprises in our country today fail to follow the standards when they try to raise funds; there are signs of blindness and lack of control to a large extent.

As a result of the enterprise fund-raising fad, many localities failed to review and approve fund-raising applications strictly in accordance with the process stipulated by the state. The amount of funds to be raised is frequently as high as 100 million yuan for a single project. The multiplication and expansion of projects

have led to an excessive increase in the amount of investment in fixed assets. Compared with the same period of last year, investment in fixed assets during the first quarter of this year rose 70 percent, thanks largely to the 20 billion yuan raised in society at large.

Some 80 percent of the money raised by enterprises came from the savings of citizens who withdrew the money from their bank accounts. This has led to a "major transfer" of bank funds to enterprises and a sharp decline in bank deposits, which in turn weakens the state's ability to exercise macroeconomic regulation and control. In addition, the lack of focus in the use of raised funds is detrimental to the rational readjustment of the country's industrial structure.

Fund-raising is an economic act. It should be managed within the framework of the country's legal system. On the other hand, enterprises and investors undoubtedly should assume the risk involved. The current development reveals two problems. One is the question of administration in fund-raising. Another is the question of investors asking the government to take responsibility when the invested enterprises become bankrupt.

Currently, both fund-raisers and investors are weak in their sense of credit and risk-taking. All commercial activities must be based on credit-worthiness, whereas all modern banking activities are founded on credit-worthiness and conducted within the framework of the legal system. Without credit or with poor credit, one can hardly operate in an overseas money market. However, today, because of their ignorance of the question of credit and lack of understanding of the question of risk-taking, many investors tend to focus only on the appealing exorbitant interest rates, forgetting the tremendous risk involved.

The time has come for them to wake up!

Rules on Share Holdings by Company Employees

OW1408123393 Beijing XINHUA Domestic Service in Chinese 2158 GMT 28 Jul 93

[Text] Beijing, 29 Jul (XINHUA)—Rules Governing Share Holdings by Employees of Limited Liability Companies Funded by Specific Sources:

Chapter I. General Principles

Article 1. These rules have been formulated in accordance with relevant State Council provisions on strengthening the management of shareholding enterprises and stock markets, as well as the "Opinions on Standardizing Limited Liability Companies," in order to improve the management of share holdings by employees of limited liability companies funded by specific sources, as well as to promote the sound development of experimental shareholding enterprises.

Article 2. Limited liability companies funded by specific sources refer to those companies that offer their stocks to

legal persons and their own employees instead of issuing them to the public (hereinafter referred to as companies).

A company shall be incorporated in accordance with the "Opinions on Standardizing Limited Liability Companies."

Article 3. Employees' share holdings refer to shares issued by a company and held by personnel that fall within the scope of these rules in their capacities as investors.

Personnel that fall within the scope of these rules are generally referred to as employees.

Article 4. A company shall raise funds from its employees pursuant to these rules.

Chapter II. The Scope of Employees' Share Holdings

Article 5. Shares that a company offers to its employees can only be purchased and held by the following people:

- (1) Employees who formally work in the company and are on its payroll at the time the stock offerings are made;
- (2) Personnel sent by the company to work in its subsidiaries or in enterprises that the company jointly operates with others while maintaining their labor and personnel relations with the company;
- (3) Company directors and supervisors;
- (4) Employees on the payrolls of affiliated enterprises entirely funded by the company;
- (5) Employees who have left their posts or retired but remain on the payrolls and under the management of the company and affiliated enterprises entirely funded by the company.

Article 6. The following people may not purchase and hold shares offered by a company to its employees:

- (1) Employees of the company's registered stock units (including the promoter unit);
- (2) Employees of affiliated enterprises not entirely funded by the company and of units that the company jointly operates with others;
- (3) Employees of units related to the company;
- (4) Party and government functionaries outside the company;
- (5) Public figures outside the company;
- (6) Other people who are prohibited by state laws and regulations from purchasing and holding the company's shares.

Chapter III. Stock Certificates and Shareholder Cards for Shareholding Employees

Article 7. In offering its stock to its employees, a company shall print stock certificates but may not print the shares.

Article 8. A stock certificate is issued by a company and provides written proof of the rights to which the shareholder is entitled, as well as the obligations he or she has undertaken, in proportion to his or her share holdings.

Article 9. A stock certificate shall be in booklet form.

Article 10. In printing stock certificates in booklet form, a company may select the printing house on its own and has the certificates printed according to samples approved by its screening and approval department.

Article 11. A stock certificate shall contain the following information:

- (1) The company's name and address;
- (2) The document number and the registration date of the company's incorporation, or the document number and the date on which the registration is altered following the issuance of new shares;
- (3) The company's registered capital, share types, and the value of each share;
- (4) The shareholder's name;
- (5) The stock certificate number, the identity card number, the work certificate number (or the employee retirement certificate number), and the shareholder card number;
- (6) The date of issuance;
- (7) The purchase or transfer date;
- (8) The employee's signature and seal;
- (9) The signature and seal of the person who handles the purchase or transfer.

The above information aside, a stock certificate shall also specify the number of shares held by an employee and any increase or decrease in the number of such shares.

Article 12. A stock certificate shall become valid after it is signed by the company's board chairman and affixed with the seal that the company reserves exclusively for stock certificates.

Article 13. Stock certificates shall not be held individually by employees. They shall be placed in the collective care of a company-commissioned stock trading organization approved by the People's Bank at the provincial level or at the level of cities with independent economic decisionmaking power.

Article 14. A company shall issue a shareholder card to a shareholding employee on the basis of the stock certificate as proof of his or her shareholder status. The shareholder card shall bear the seal reserved exclusively for registration by the organization entrusted with the care of the stock certificate.

Article 15. A shareholder card shall contain the following information:

- (1) The company's name;
- (2) The shareholder's name;
- (3) The stock certificate number;
- (4) The shareholder card number;
- (5) The date on which the card is issued;
- (6) Other information that warrants attention.

Article 16. A shareholder card may not specify the number and value of shares held by the shareholding employee.

Article 17. With the help of his or her shareholder card, identity card, and work certificate (employee retirement certificate), an employee may check his or her shares at the stock trading organization commissioned by his or her company and attend to procedures for transferring and assigning shares or for receiving dividends.

Chapter IV. Examination and Approval of Employees' Share Holdings

Article 18. A company shall implement the employee shareholding system in accordance with the "Opinions on Standardizing Limited Liability Companies" and relevant state provisions. Depending on whether it is at the central or local level, the enterprise concerned shall forward relevant documents to the State Economic Restructuring Commission or the economic restructuring department under the government of the relevant province, autonomous region, municipality directly under the central government, and city with independent economic decisionmaking power. The system may be implemented only after it is approved by these authorities.

Article 19. Besides meeting the requirements outlined in the "Opinions on Standardizing Limited Liability Companies," the documents forwarded by a company to relevant authorities must specify or stipulate matters concerning employees' share holdings. Among these matters are:

- (1) The application for incorporating the company shall contain explanatory information on the plan for issuing shares, the share ownership structure, the scope of employees' share holdings, the face value of each share, and the planned issue price and method. If the company has already been incorporated, the application for making stock offerings to its employees shall contain the same information.

(2) The company's articles of incorporation or draft articles of incorporation shall specify the scope of employees' shareholdings and the methods for managing stock certificates and shareholder cards.

(3) The prospectus shall contain explanatory information on matters relating to the issuance and transfer of shares, as well as information on the stock trading organization entrusted by the company with registering, keeping, and transferring stock certificates.

(4) Samples for stock certificates and shareholder cards shall be attached.

(5) Legal opinions signed and stamped by more than two lawyers and their offices on matters pertaining to shareholdings by the company's employees shall be submitted.

Article 20. In increasing employees' share holdings, a company shall report to the authorities for approval pursuant to the "Opinions on Standardizing Limited Liability Companies" and relevant state provisions on expanding share holdings to increase capital.

Article 21. A company shall abide by the principle of paying equal dividends for shares of the same value held by the state, legal persons, and employees, as well as introducing uniform prices for shares offered at the same time.

Chapter V. Transfer of Employees' Shares

Article 22. Employees' shares may not be transferred within three years of being offered by the company; after three years, they may be transferred among employees but may not be transferred and traded in society.

Article 23. In the event a shareholder leaves the company or dies, or under other special circumstances, his or her shares may be transferred to other company employees or be purchased by the company without being subject to the transfer deadline.

Article 24. The transfer of an employee's shares must be effected through transfer procedures at a company-commissioned stock trading organization and a receipt shall be issued for the transfer.

Article 25. The transfer price or the company's purchase price for an employee's shares shall be based upon the per-share net asset value and determined by both parties to the transfer or purchase through consultation. A company-commissioned stock trading organization may provide guidance by furnishing price information as references.

Chapter VI. Management of Employees' Share Holdings

Article 26. A company's screening and approval department and the management department of the organization entrusted with the care of stock shall oversee the implementation of these rules.

Article 27. A company-commissioned stock trading organization must be responsible for transferring employees' shares within the scope prescribed by these rules.

Article 28. The total value of employee-subscribed stock in a company funded by specific sources may not account for more than 2.5 percent of the company's total stock value.

Article 29. A company funded by specific sources through employees' share holdings shall undergo screening and approval procedures specified in the "Interim Regulations Governing Stock Issuance and Trading" if it wants to convert into a company funded by capital raised in society. Employees' shares may be transferred on the market only three years after they were offered to the employees.

Chapter VII. Supplementary Provisions

Article 30. Violations of these rules shall be dealt with pursuant to the "Interim Regulations Governing Stock Issuance and Trading" and the "Opinions on Standardizing Limited Liability Companies." If there is speculation in a company's stock certificates, the company may not be converted into one funded by capital raised in society and may not apply for a listing on the market.

Article 31. Where clauses on employees' share holdings in the "Measures on Experimental Shareholding Enterprises" and the "Opinions on Standardizing Limited Liability Companies" differ from these rules, the latter shall be implemented.

Article 32. The scope of employees' share holdings in limited liability companies funded by specific sources and engaged in new and existing construction projects shall be specified separately.

Article 33. The State Economic Restructuring Commission shall be responsible for interpreting these rules.

Article 34. These rules shall take effect on the date of promulgation.

[Signed] The State Economic Restructuring Commission

Intellectual Property Rights Protection Viewed

HK1708111093 Beijing FAZHI RIBAO in Chinese
1 Aug 93 p 3

[Interview with Cai Cheng, vice chairman of the National People's Congress Standing Committee, by staff reporter Wang Aiping (3769 1947 1627) on 26 July; place not given: "Strengthen Protection of Intellectual Property Rights to Serve Economic Construction"]

[Text] On 26 July, Cai Cheng, vice chairman of the National People's Congress [NPC] Standing Committee and vice chairman of the NPC Law Committee, met this

reporter of FAZHI RIBAO and answered questions raised by this reporter on the protection of intellectual property rights.

[Wang Aiping] May I ask why we must protect intellectual property?

[Cai Cheng] As far as this question is concerned, I want to express my own view from two aspects.

First, as everybody knows, with the implementation of our country's reform and opening up policy and further improvement of the investment environment, more and more foreign, Hong Kong, and Macao investors have come. Looking at the prospects of our investment environment, they have entered our market and brought in a large amount of advanced technology and equipment. However, they worry that the interests and rights of their advanced technology and other invisible property are without protection. Although our country has strengthened the protection of intellectual property, many foreign businessmen still hope that our country can take a further step to implement measures of protecting intellectual property right. In my opinion, it is not unreasonable that foreign businessmen's doubts have not been completely dispelled. Meanwhile, some famous brands of products and trademarks produced and sold in our country are also infringed by certain foreign firms. In consequence, some enterprises in our country suffer economic losses, commercial disputes frequently arise, and it is difficult to seek compensation from foreign enterprises and to protect our legal interests and rights. At present, in some areas in our country, criminal activities of producing and selling fake commodities are quite serious, which adversely affect our country's reform, opening up, and economic development. Hence, we must resolutely fight against the production and marketing of fake commodities.

Second, the development of science and the protection of intellectual property right are inseparable. I think that everybody knows the theory of science and technology as productive forces. In fact, in the contemporary world, inter-state rivalries and competition between enterprises are, in the final analysis, determined by science and technology, particularly a comparison of new and high technological strength. Those who master advanced technology will be in an invincible position amid fierce competition. Under the intellectual property system, the achievements of labor are transformed into commodities, which will be transformed into productive forces with swift popularization and utilization. The protection of intellectual achievements will stimulate everybody to engage in creative labor activities with greater enthusiasm. It can be said that without the intellectual property rights system, there will not be any protection of intellectual property rights and any kind of prosperity in science, culture, literature, and art. A higher standard of intellectual property rights protection and mutual coordination of inter-state intellectual property right systems

will be conducive to the development of science and technology as well as the exchange of science, technology, and trade.

[Wang] Would you please tell us what concrete measures have been taken to protect intellectual property rights?

[Cai] Our government attaches great importance to the protection of intellectual property rights. With reform and opening up, apart from attracting foreign funds, our country has established our own systems of patent, trademarks, copyright, and other intellectual property rights and enabled them to link up with international practice in a gradual manner.

The "PRC Patent Law," which has been implemented since April 1985, and the detailed rules and regulations for its implementation are reputed as "one of the greatest achievements in the realm of intellectual property rights of the contemporary world." In order to further adapt to the trend of international development, the patent law was amended in September 1992. The time limit of inventors' patent rights under protection was extended to 20 years, and patent protection of medicines and agricultural chemicals was added to it. In January 1993, a new patent law was implemented, which has facilitated bilateral and multilateral scientific and technological cooperation and trade between our country and the international community, thus effectively preventing some enterprises from copying others' patents and giving full protection to patentees.

In March 1993, we began to implement the "PRC Trademark Law" and the detailed rules and regulations for its implementation. The principles of trademark registration in the trademark law, including application, examination, and registration, are basically in line with international practice. In order to more effectively guard against trademark infringement and practically protect the special right of trade mark registration, the NPC Standing Committee adopted the "Decision on Amending the Trademark Law." Apart from commodity trademarks, the registration and protection of service trademarks were added to it.

The relevant legislation of copyright protection began to build up following the adoption of the "Copyright Law." The "Copyright Law" and the detailed rules and regulations for its implementation were effective from 1 June 1991. The "Regulations Concerning the Protection of Computer Software" were effective from 1 October 1991. On 30 September 1992, the "Regulations Concerning the Implementation of International Copyright Pacts" was implemented in our country. In this way, the creation and utilization of art and literature, as well as scientific and technological works, was no longer in a lawless state.

In order to punish crimes of producing and selling fake commodities, guarantee the safety of personal property, protect consumers' legitimate rights and interests, and maintain the social and economic order, the Second Session of the Eighth NPC Standing Committee adopted

the "Decision of the NPC Standing Committee on Punishing Crimes of Producing and Selling Fake Commodities," which added a number of supplementary regulations to our country's "Criminal Law." It was not only a strong measure against crimes of producing and selling fake commodities, but also the greatest protection of intellectual property rights inside and outside our country.

The protection of intellectual property rights in our country is not only shown by more vigorous domestic legislation to the extent that we can comply with the law, but also by our country's participation in some international conventions on intellectual property. For example, in 1980 our country recognized the "World Intellectual Property Organization [WIPO] Foundation Pact" and became a member state of the WIPO. In 1985, our country became a member state of the "Paris Convention of Industrial Property Right Protection." In 1989, our country became a member state of the "Madrid Agreement on Trade Mark Registration." Not long ago, China also acceded to the "Bern Convention of Literature and Art Works Protection." In my opinion, the efforts made by our country in establishing the intellectual property rights system and making it gradually adapt to the international trend indicate that the level of intellectual property right protection in our country is among the most advanced in the world.

[Wang] It was learned that recently a service-oriented organization—Zhongcheng [0022 6134] Intellectual Property Rights Protection Service Company Limited—was jointly founded by the Chinese International Economic and Legal Counseling Company and Hong Kong Chung-shing [0022 0581] International Company Limited. May I ask, since the state has taken such vigorous measures as legislation to protect intellectual property rights, why should this kind of professional company be set up?

[Cai] You have asked a very good question. But my answer to your question is that state legislation is merely the legal basis for punishing malpractices of infringing intellectual property rights, whereas it is not, and can never be, equivalent to eliminating, in a natural way, fake and illicit practices which infringe upon others' rights. On the one hand, our country's existing laws and regulations of protecting intellectual property rights cannot be described as very sound and perfect and law enforcers' professional knowledge level has yet to be improved, and a process is needed in this respect. On the other hand, there are a number of factors accounting for infringements. At present, quite a number of people in our country do not have a strong sense of intellectual property rights. They are not or are not fully aware of the fact that trademarks, technological inventions, and literature and art works have commodity value and intellectual property rights have a competitive function. They not only neglect to protect their own intellectual achievements and are indifferent to others' infringements, but also do not show enough respect for others' intellectual property rights. They do not bear in mind the idea that

arbitrary application of others' achievements amounts to breaking the law and committing a crime. Moreover, for the sake of reaping illegal benefits, many people knowingly violate the law and infringe upon other's intellectual property rights at will, whereas in some cases, infringements are also caused by unclear ownership of technology. Hence, as far as the protection of intellectual property rights is concerned, it is inadequate to completely rely on the state to exercise legislative, judicial, and administrative protection as it is necessary to draw support from nongovernmental professional forces to provide enterprises or individuals with special technical and legal assistance.

Now, some agencies responsible for protecting intellectual property right have successively emerged in our country. When I was the Minister of Justice, Madam Maria Tam Wai-chu, a noted Hong Kong lawyer, member of the Chinese People's Political Consultative Conference National Committee, and Hong Kong affairs adviser, called on me and proposed the establishment of a service-oriented company specialized in intellectual property rights protection so as to make some contributions to intellectual property rights protection. I then expressed my support to setting up such a company. Meanwhile, the proposal was supported by the State Patent Office, the State Copyright Administration, the State Trademark Administration, and the State Technological Supervision Administration. Recently, with the approval of concerned state departments, a service-oriented organization specializing in intellectual property rights protection—Zhongcheng Intellectual Property Right Protection Service Company Limited—was jointly founded by the Chinese International Economic and Legal Counseling Company and Hong Kong Chung-Shing International Company Limited. On behalf of domestic and foreign clients, the company can investigate and find out the facts when their intellectual property rights are violated and offer advice and various services concerning issues such as patents, trademarks, and copyrights. In my opinion, our country's investment and technological trade environment, which is fine at present, will be further improved through the all-round and three-dimensional protection of intellectual property rights.

[Wang] Would you please tell us more about the future tasks of intellectual property right protection?

[Cai] We have to do a lot of work in this respect. To put it briefly, I think that we must do several jobs well:

1. On the basis of summarizing the experience, we must integrate some effective methods used in the international community to constantly enhance and perfect existing laws and regulations on intellectual property rights with a view to internationalizing them. Meanwhile, we must take effective measures to improve professional personnel's level of scientific and technological knowledge and their working ability so as to gear to the needs of the increasingly vigorous development of the international community.

2. We must work through judicial means to keep launching a firm fight against criminal offenders in producing and selling fake commodities so as to protect intellectual property right of domestic and foreign businessmen and individuals.

3. We must work through various propaganda means to improve the awareness of property rights protection among the broad masses. In the past, propaganda instruments, such as newspapers, radios, and televisions, and organizations, such as the Consumer Association, did quite a lot of work and played a very large role in improving the masses' capability for identifying fake commodities. From now on, we must work on this basis to improve the awareness of the masses, and enterprises in particular, in protecting intellectual property right. Once we discover that our intellectual property rights are being infringed upon, we should immediately report or complain to the authorities, thus improving our self-protection capability.

4. We must give full play to the role of service-oriented organizations specializing in intellectual property rights protection. For example, we must give full play to the role of this newly founded company and make use of their knowledge and specialty to serve domestic and foreign businessmen and the masses.

Procuratorate Describes New Trends in Economic Crime

*HK1808001293 Hong Kong TA KUNG PAO in Chinese
10 Aug 93 p 2*

[Report: "Procuratorial Authorities Issue Updates Identifying Five Traits of Economic Crime; Cases of Absconding With Embezzled Money Surge"]

[Text] Beijing News: Economic crime on the mainland is becoming increasingly serious, and new patterns are emerging in the types of crime committed and in the sectors where such crimes take place. According to the procuratorate authorities, the following characteristics have been observed:

First, there was a visible increase in major cases involving increasingly larger amounts of money, especially in economically developed areas. The Guangdong Provincial Procuratorate has been handling between 1,700 and 1,800 economic crime cases annually, with major cases taking up increasingly greater proportions each year—56 percent last year, and 71 percent from January to May this year. Large corruption and bribery cases handled in Shenzhen rose from 50 percent in 1989 to 80 percent in 1992. Last year, Hainan cracked a major corruption case in which an individual named Xue Genhe was found to have taken 37.5 million yuan. This March, Guangdong uncovered a crime in which an individual named Zeng Lihua had accepted 7 million yuan in bribery. Procuratorate organs are understood to be investigating cases involving amounts even larger than the two cited above.

Second, a shift was seen in the sectors in which crime took place. Crimes now are most likely to occur in administrative and law enforcement departments that play an important role in market economic regulation and control, such as industrial and commercial, taxation, and customs organs, and in economic "hot spots" such as the financial, securities, futures, and property and real estate sectors—not in departments in charge of key production and living materials and consumer goods, as it used to be. Fujian handled 54 cases from administrative and law enforcement departments last year, and 24 this year, which involved a total of 47 law enforcement personnel. From 1990 to 1992, procuratorate organs investigated and handled 37 extraordinarily large cases of corruption and embezzlement in the banking sector, involving over a million and 5 million yuan respectively. Taking advantage of their positions at some financial and securities departments, law-breakers embezzle public money and investors' capital to speculate on stock, negotiable securities, land, and property for personal gain. Inspections between this January and May by Shanghai procuratorate organs in banks and securities uncovered 10 cases of power being abused for stock speculation, involving a total of 5.6 million yuan.

Third, there has been a rising percentage of glaring corruption, bribery, and embezzlement cases. Increasingly important roles and statuses for some administrative and law enforcement departments in market regulation and control, coupled with flawed legal provisions and less-than-perfect management in some rising and popular trades, have meant that some department personnel may abuse their review, approval, and franchise-granting powers, demanding or accepting bribes for personal gain. Five out of the seven-strong engineering section of the Zhuhai City Commission for Construction, for example, abused their powers over project applications, review and approval, and contract bids and demanded, in a year's time, 250,000 yuan—70,000 Hong Kong dollars—and 40,000 yuan of debentures in bribery money from contractors. Some individuals at financial departments took advantage of their duties and changed the nature of savings deposits and loans to pocket the difference arising from "time lags" and "regional lags." A credit officer at the Communications Bank of China Chongqing Branch, in collusion with the financial controllers of three enterprises, transferred the 24 million yuan that the firms had deposited in the Communications Bank of China to another two banks as a trust fund. The credit officer and the financial controllers then split the 700,000 yuan gained from the transfer.

Fourth, new types of crime have appeared. Due to inexperience, the policies and measures unveiled by the state and local authorities over the last few years often contained loopholes which criminals quickly took advantage of. Some of them cashed in on the state policy of encouraging exports to earn foreign exchange and cheated the state of export tax refunds; some profited by the state policy of encouraging and attracting foreign capital and staged fake foreign-capital joint ventures to

evade taxes; some appropriated state property or transferred it under their names by fabricating auditing, evaluation, and notarization documents; some exploited the current fund-raising craze and robbed people through financing scams. Meanwhile, gang crime has become conspicuous. Another visible trend is the increasingly complicated backgrounds of the criminals and the varied nature of interconnected crimes.

Fifth, economic losses resulting from embezzled or stolen money cannot be recovered. The case of criminals absconding with money and spending it recklessly is even more serious. Fleeing or going into hiding is often part of their plan, and, by the time a case is blown, the money involved will have changed hands and cannot be accounted for. There were 10 cases of absconding with money in Heilongjiang in 1990, 71 in 1991, and 88 in 1992. There have been 110 such cases in Guangdong since last year, and eight of the perpetrators have fled the country. Sixty-six people wanted for bribery and corruption are still at large overseas.

The people concerned have pointed out that China is currently at a critical juncture in its transition from a planned to a market economy. Confusion reigns in the market in the present economic situation, leading not only to a rise in economic crime but also directly affecting the smooth development of a socialist market economy and the establishment of a market economic structure. Therefore, the state and authorities concerned should increase the pace of legislation and boost manpower in law enforcement so that there are laws to abide by and that laws are indeed abided by and strictly enforced.

Trade Unions Reportedly Becoming 'Economic Power'

OW1808095693 Beijing XINHUA in English 0943 GMT 18 Aug 93

[Text] Jinan, August 18 (XINHUA)—With the startup of more and more enterprises, China's trade unions are becoming an economic power to be reckoned with in China's economic development.

Officials at a current national trade union working conference in this capital of east China's Shandong Province said that up to the end of 1992 trade unions throughout the country had launched at least 49,800 enterprises, making an annual turnover of seven billion yuan from the service sector alone.

The officials said that in 1992 trade unions invested as much as 2.645 billion yuan in businesses. The gross output of trade union enterprises exceeded 11 billion yuan in that year.

The capital comes from various sources: membership fees, profits from businesses, funds raised through other channels, and even foreign investment, the officials said.

They also noted that most of the trade unions' businesses are in the service sector, partly because this sector is the latest to be encouraged by the government.

Trade union enterprises have provided jobs for some 238,000 persons, many being ex-employees of bankrupt enterprises.

The trade unions' service networks have also contributed to the building of a socialist market economy, the officials said. Businesses run by trade unions include hundreds of credit and housing co-operatives, insurance companies, and employment, information and consultation services.

The greatest achievement of trade union enterprises, however, lies in the fact that the incomes from these enterprises have enabled the unions to better perform their task of promoting health, entertainment, education and other types of welfare for their members.

Officials from the All-China Federation of Trade Unions said that the development of trade union enterprises will follow the principle of serving the national policies of reform and opening to the outside world, improving productivity and promoting the well-being of trade union members.

Trade Union Federation Discusses Ending Losses

OW1808012793 Beijing XINHUA Domestic Service in Chinese 0849 GMT 6 Aug 93

[By reporter Li Nianguai (2621 1628 6311)]

[Text] Beijing, 6 Aug (XINHUA)—The All-China Federation of Trade Unions today held a telephone conference to mobilize and organize trade unions at various levels and staff members and workers of all nationalities to respond to the call of the party Central Committee and the State Council on extensively unfolding activities to end losses and increase profits, and make contributions to insuring a sustained, fast, and healthy development of the national economy.

Ni Zhifu, president of the All-China Federation of Trade Unions; responsible persons of trade union councils of various provinces, autonomous regions, municipalities, and cities with independent economic decision-making authority; responsible members of trade union councils of various major industrial enterprises; and responsible members of various departments of the All-China Federation of Trade Unions attended the telephone conference. Xu Penghang, vice minister in charge of the State Economic and Trade Commission, and Zhang Dinghua, vice president of the All-China Federation of Trade Unions, spoke at the conference.

Zhang Dinghua said: In recent years, the problem of losses of a number of state-owned enterprises has not been properly solved. The losses of state-owned enterprises have slowed down the pace of reform, of opening up, and of economic development. The problem not only

directly affects the interests and benefits of staff members and workers, but also has a bearing on whether we can give full play to the superiority of the socialist system or not. He said: Helping enterprises end losses and increase profits is an important way to serve economic construction by trade unions and is also to protect the entire interest of the nation as well as the interest of staff members and workers. In addition, it is an effective form to whip up and develop the enthusiasm of staff members and workers for being the masters of the country.

Zhang Dinghua held that trade unions have their own advantage in helping enterprises end losses and increase profits. Those advantages include: 1) trade union organizations are scattered throughout the country, they have extensive contacts with various sectors in the society, and they are composed of model workers and activists in technological cooperation; 2) trade union organizations have experiences in launching emulation campaigns, making reasonable suggestions and promoting technological cooperation; and 3) trade union organizations can take part in running and discussing government affairs through democratic channels. So long as trade union organizations can work with concerted efforts, they can certainly make great contributions to ending losses and increasing profits. He called on trade unions in all cities and counties to lay stress on helping one or two enterprises improve operation, end losses, and increase profits. He said: The most important thing in helping enterprises end losses and increase profits is to promote the deepening of reform of enterprises, to establish an operation system to cope with market competition, to raise economic efficiency, to establish and improve various management systems, to promote technological progress, to fully tap the potentials of enterprises, and to enhance its own "self-sustaining capability." It is also necessary to integrate activities involved in ending losses and increasing profits with activities of creating advanced teams and groups and of labor emulation and to further promote the campaign to increase production and practice economy and to increase revenue and retrench expenditures.

At the conference, the Tianjin Municipal Trade Union Council, the Harbin City Trade Union Council, the trade union of Gansu's Dingxi Prefecture, the Taicang City Trade Union Council in Jiangsu, and the trade union of the Beijing Woolen Textile Mill introduced experiences gained in their efforts to end losses and increase profits of enterprises.

Bo Yibo Calls For Enhancing Service Quality

HK1608134293 Beijing RENMIN RIBAO in Chinese
10 Aug 93 p 2

[Article by Bo Yibo (5631 0001 3134): "Improve Service Quality, Promote Economic Development and Social Progress—Written for the Activity of 'Painting an Accurate Picture of the Quality of China's Service Industry'"; first paragraph is RENMIN RIBAO editor's note]

[Text] State Council leading comrades and the older generation of proletarian revolutionaries attach great importance to and give direct guidance to the activities of "painting an accurate picture of the quality of China's service industry" jointly launched by the China Social Service Promotion Society, RENMIN RIBAO, and more than 30 other news institutions, and the activities are now being carried out in depth throughout the country. This is not only an important matter favorable to the development of the national economy and the cause of opening up to the outside world, but is also favorable to popularizing and establishing the sense of service quality in all of society, enhancing the quality of the entire people, and promoting spiritual civilization construction. Comrade Bo Yibo personally wrote an article for "painting an accurate picture of the quality of China's service industry" and expounded the great significance of enhancing service quality from the high plains of deepening reform, transforming mechanisms, optimizing the structure, and raising the efficiency. Now we publish his article in the hope of further arousing close attention from leaders at all levels and the broad masses to the issue of enhancing service quality.

Like product quality, service quality is also a major issue having a direct bearing on the development of the national economy and the enhancement of the people's living standards. "Quality first is a major policy." Last year, the activities of "the 10,000-li journey of China's quality" and the ongoing activities of "China economic efficiency and in-depth advancement" have played a certain role in enhancing our country's product quality and economic efficiency. While promoting the enhancement of product quality, we should also pay attention to enhancing service quality. Since the beginning of reform and opening in general, the level of service quality in our country has been raised to a certain degree. However, many unsatisfactory things still exist in this regard. How to raise service quality and promote the healthy development of the service trades has become a question often discussed by people. At present, the China Social Service Promotion Society and more than 30 news institutions in the capital are jointly organizing the activities of "painting an accurate picture of the quality of China's service industry." This is another important move after "the 10,000-li journey of China's quality" and "China economic efficiency and in-depth advancement" to use the supervisory and constraining force of the mass media to promote economic development and social progress. It is believed that this will certainly win support from all trades and from the broad masses and will certainly play a positive role in promoting socialist modernization in our country.

The period between now to the end of this century is a key period for the transition to the socialist market economy and for modernization in our country. We must shift attention to deepening reform, transforming mechanisms, optimizing the structures, and enhancing the efficiency. The service industry, which is also called the tertiary industry, provides people with productive

services, social services, day-to-day life services, and cultural services. Its value must never be underestimated. If the development of the service industry lags behind and if the service quality is not high enough, it will adversely affect the development of the primary and secondary industries, the growth of our country's market system, and the healthy development of the social service guarantee system. Quickening the development of our country's service industry and enhancing the service quality is the inevitable requirement of deepening reform, transforming the mechanisms, optimizing the structures, and raising efficiency. The fundamental key to the development of service industry lies in the enhancement of service quality. Only when service quality is enhanced can the economic and social results of the service industry be improved, thus positively promoting the overall structural optimization of our country's economy and the establishment of the socialist market economy. At present, it is particularly necessary to combine the enhancement of service quality with the measures of intensifying the central authorities' macroscopic regulation and control and the overall arrangements for rectifying the economic order. This will effectively check and overcome some disorderly phenomena in some fields and promote the healthy development of the service industry as a whole.

In the future, as the entire economic structure will gradually be changed into a socialist market economy and the level of the people's material and cultural lives will be enhanced, the requirements on the service industry from all quarters of society will become higher and higher. As the service industry is also further expanding its opening to the outside world, it will also directly face the tests of international competition in many aspects. This will be an opportunity for the development of the service industry in our country, and will also be a challenge. We should grasp this opportunity, firmly adhere to the general principle of reform and opening, properly size up the current situation, and create socialist service quality with Chinese characteristics. We should also introduce the competition mechanism more widely to various aspects of the service industry, absorb the advanced management experience from the service industry of foreign countries, conscientiously enhance the quality and level of service, continuously increase the international competitive power of our country's service industry, and win credit for the Chinese nation!

The enhancement of service quality should be combined with the construction of spiritual civilization. At present, in many trades, there exist serious irregular practices. Power is exchanged for money and gifts are the prerequisite if something is to be done. This not only affects the enhancement of service quality, but also seriously affects the people's feelings and confidence. The enhancement of service quality has direct relation to the establishment and improvement of market regulations, but we cannot just wait. In the course of structural transformation, we also need to continuously eliminate corrupt and irregular

practices in various trades and need to maintain and carry forward the spirit of serving the people wholeheartedly as Comrade Mao Zedong advocated. We should conduct education in the pioneering and dedicated spirit among cadres and ordinary people according to the requirements of training one generation after another with a lofty ideal, with moral integrity, with good education, and with a strong sense of discipline as Comrade Xiaoping advocated, and prompt them to consciously resist the corrosive influence of such decadent ideology as money worship.

I wish the activities of "painting an accurate picture of the quality of China's service industry" a complete success!

Li Tieying Inspects State-Run Enterprises in Sichuan

HK1808003593 Chengdu Sichuan People's Radio
Network in Mandarin 1015 GMT 16 Aug 93

[Text] When inspecting some large- and medium-sized state-run enterprises in Sichuan Province, Li Tieying, member of the CPC Central Committee Political Bureau, state councillor, and minister of the State Commission for Restructuring the Economy, pointed out: Transformation of the enterprise operating mechanism is the current focus of reform and the basic orientation of enterprises. At present, the right task is to conscientiously implement the regulations and enable this job to truly become upsurging.

According to the report carried by our station, reporter Zeng Shangfeng from 12 to 13 August, in the company of Governor Xiao Yang, Comrade Li Tieying, and his party (including Hong Hu, vice minister of the State Commission for Restructuring the Economy), inspected the Dongfang Electric Machinery Plant, the No. 2 Machinery Plant, the Deyang branch factory of the Dongfang Steam Turbine Plant, and other large- and medium-sized state-run enterprises.

During his inspection, Li Tieying conscientiously listened to work reports presented by factory directors, managers, and party committee secretaries of 10 large- and medium-sized enterprises, including Deyang City Dongfang Electric Machinery Plant and (Timu) Joint Stock Company Limited, on the situation of enterprises' implementation of the regulations and joint stock system.

Li Tieying pointed out: Transformation of the enterprise operating mechanism is the current focus of reform and the basic orientation of enterprises. He said: The implementation of joint stock system in enterprises is to transform, once and for all, the enterprise operating mechanism and advance enterprises to the market.

Li Tieying stressed: At present, the core of reform is to conscientiously implement the regulations of transforming the operating mechanism of industrial enterprises owned by the whole people and enable this job to become upsurging.

Talking about the issue of deepening reform in enterprises, Li Tieying pointed out: In the coming several years the pace and depth of transforming the enterprise operating mechanism will, to a very large extent, be determined by whether or not government departments fully implement the 14-clause regulations. Hence, various departments must seize the current favorable opportunity of reform, make all-round progress in reform, and strive to achieve good results in reform.

Song Jian Inspects Shanxi, Comments on Rural Economy

OW1708200593 Beijing XINHUA in English 1435
GMT 17 Aug 93

[Text] Taiyuan, August 17 (XINHUA)—Shanxi Province, an energy resources base in north China, should not only develop its coal industry but also the rest of the local economy.

Chinese State Councillor Song Jian said this during his inspection tour of the province from August 6 to 16.

Song, also minister in charge of the state science and technology commission, urged local officials to put their main efforts into the local economy, specially the rural economy, while supporting the state's key construction projects.

As for the large rural areas, farmers should rely on developing agriculture to become well-off, Song noted. Agricultural development should be backed by scientific and technological development and the resources.

Song pointed out that the closed natural economy in rural areas should be abandoned and socialized services and operation on a rational scale should be promoted. Only thus can the rural economy be developed and the people's standards of living be improved.

Song stressed that capable people should be attracted to develop new industries, specially hi-tech industry and the rural mainstay industry.

He also expressed his hope that the province would open wider to foreign countries and regions as well as to its neighboring areas and coastal areas.

Chen Junsheng Shows Solicitude for Disaster Victims

SK1808033993 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 17 Aug 93

[Passages within quotation marks recorded]

[Excerpts] At 1700 on 13 August, more than 10,000 disaster victims and the officers and soldiers of the

People's Liberation Army [PLA], who were joining in the disaster-combat operation in Yuncheng County, gathered on the large embankments along the Huang He. Chen Junsheng, councillor of the State Council; Jiang Chunyun, secretary of the provincial party committee; and Zhao Zhihao, governor of the province; joined the crowd and expressed cordial concern and encouragement to the disaster plagued areas and people. [passage omitted]

At the gathering site, Chen Junsheng, councillor of the State Council, made a speech in which he said: "We have seen very serious flooding and waterlogging in some localities of Shandong Province during the past few days of our inspection tour. In particular, Heze Prefecture was hit twice by torrential rainfall. The CPC Central Committee and the State Council have shown special concern for the disaster suffered by the localities in Shandong. Entrusted by General Secretary Jiang Zemin, Premier Li Peng, and central leading comrades, I came here to visit the disaster plagued areas and people and to express my sympathy and solicitude. [applause] Judging from the whole situation in the province and the country, this disaster here is only part of the problem and the growth of grain crops in the province and the country as a whole remains fine. It is possible for our country to reap a bumper harvest this year. Therefore, people plagued by this disaster should be confident in winning an overall victory in combating the flooding. I encourage you to provide for and help yourselves by engaging in production and by successfully rebuilding houses." [passage omitted]

At the gathering site, Comrade Jiang Chunyun also delivered a speech in which he said: "Whenever we encounter difficulties, we should carry forward the spirit of self reliance and arduous struggle; press forward despite difficulties; and make efforts to overcome them. We should restore production and rebuild our houses as soon as possible. We should repay the cordial concern of the CPC Central Committee and the State Council by scoring deeds in combating floods." [applause] [passage omitted]

During the operation of combating the flooding and conducting disaster relief, the PLA units stationed in the province have scored marked achievements in rushing to save people's life and property. These leading comrades who visited the disaster plagued areas spoke highly of their contributions. [passage omitted]

Construction of Airports Underway in Western Region

OW1808105293 Beijing XINHUA Domestic Service in Chinese 2134 GMT 6 Aug 93

[By reporter Ya Likun (0068 0500 0981)]

[Text] Urumqi, 7 Aug (XINHUA)—To meet the needs of opening up in border regions, large-scale construction of a number of airports has begun in our country's western region. Meanwhile, the region has entered a

period of rapid development in the expansion of aircraft fleets and the opening of new flight routes.

The construction of airports in the western region is an important component of the key project to build a major international passageway currently under way in our country. The projects, which involve a total investment of over 1 billion yuan, include construction or expansion of airports in Urumqi, Tacheng, Korla, Bole, and Kashi. This major capital construction project for civil aviation network in the northwest region has entered the decisive stage.

The construction of a new Urumqi airport, a key state construction project during the Eighth Five-Year Plan, has already been started. The 16 reconstruction and expansion projects, including runways, the terminal building, the traffic control and meteorological building, and hangers, are expected to be completed and put into operation in three years. By that time, it will be able to accommodate the take-off and landing of large-sized aircraft such as Boeing 747-400's and MD-11's. It will be able to handle 31,250 planes, 41,350 tonnes of cargoes, and 4.05 million passengers annually, and will become one of our country's five largest international airports in both name and deed.

In May, the State Council approved turning Kashi airport, our country's westernmost airport, into an international airport. In coordination with the construction of mutual trading city zones, the reconstruction of this airport is now in full swing.

The new Tacheng airport, a project with an investment of over 60 million yuan and currently in the main structural construction phase, is expected to be operational on 1 October.

With the approval of the State Council, 70 million yuan have been invested in the first phase construction of the Bole airport. On completion, the new airport will be able to cater to large-sized airliners such as Boeing 737's. All of Xinjiang's 15 prefectures, autonomous prefectures, and cities will then have airports.

Meanwhile, an all-out effort has been made to reconstruct and build supplementary facilities for airports in Hotan, Altay, Aksu, and Kuqa since the beginning of this year.

It is understood that the construction of these airports in border cities opened to the outside world will all be completed and open for use within one or two years. This will improve the Asian-European civil aviation services.

The Xinjiang Airline, which focuses on civil aviation operations in the northwest region, has expanded and upgraded its aircraft fleet through leasing. It was the first in the country to lease two Il-86 large aircraft last year. This year, it has bought three Il-86's and leased four Boeing 737's which will all be delivered within the year. The airline has now opened 29 domestic and two international flight routes. With over 40,000 km in its flight

routes, it has become the airline in the country with the longest and largest number of flight stations. This year, the airline will inaugurate international routes from Urumqi to Bishkek, Osh, Ashgabat, Moscow, Kiev, and St. Petersburg.

Value of Border Trade Increasing

HK1808084793 Beijing ZHONGGUO XINWEN SHE
in English 1306 GMT 17 Aug 93

[Text] Beijing, August 17 (CNS)—In the past 12 years, China's border trade value has increased by 142 times. The country has to date opened 216 border trade ports and established 292 border trade markets, with the trade value last year amounting to US\$1.865 billion, US\$787 million of which was imports, while US\$1.078 billion was exports.

The patterns seen in the Mainland's border trade are mainly small-volume barter trade, trade at fairs across the border and non-government trade. In recent years, besides barter trade, cash trade and re-export trade have appeared, while barter trade sharply increased by RMB [renminbi] 100 million in just one deal. Border trade has integrated with internal trade and from single commercial trade to an integration with the economy, technology and labour. In addition, besides state-run enterprises, all kinds of enterprises with various forms of ownership including state-run enterprises, collectively-run ones and privately-run ones as well as individual industrial and commercial households have become involved in border trade.

Processing of Farm, Sideline Products Booms

OW1808075093 Beijing XINHUA in English 0724
GMT 18 Aug 93

[Text] Nanjing, August 18 (XINHUA)—The big influx of foreign capital has boosted and upgraded the farm and sideline products processing industry in Dongtai City in east China's Jiangsu Province for which it has been renowned.

Dongtai is noted for the production of silkworm cocoons, suckling pigs, rabbits and poultry.

By June this year Dongtai had attracted nearly ten million U.S. dollars in foreign investment and set up 25 processing enterprises.

Taking advantage of the abundant silkworm cocoon resources, the Dongtai silk company has set up seven joint ventures, including a textile mill, a printing and dyeing mill, a clothing factory and an embroidery factory.

Now, the annual output value has amounted to over seven million U.S. dollars (about 40 million yuan).

Other enterprises process meat, pigments and tung oil.

Last year the value of goods provided for export was 10.7 million dollars, of which agricultural by-products made up 75 percent.

This year the value of agricultural and sideline products and their processed products for export is expected to reach 11.4 million U.S. dollars, and the export volume of the processed products made up 70 percent of the total export volume of the agricultural and sideline products.

'Aero-Seeding' in Tengri Desert Successful

OW1808032893 Beijing XINHUA in English 0222
GMT 18 Aug 93

[Text] Hohhot, August 18 (XINHUA)—Grass and crops have begun to grow and animals and birds have begun to return to the Tengri Desert which was rendered virtually uninhabitable by sandstorms a decade ago in this remote part of China's Inner Mongolia Autonomous Region.

The change came after the completion of a shelterbelt, 150 km long and 50 km wide, in this desert, where the annual precipitation is less than 150 mm.

The 6.4 million yuan aero-seeding project was completed by the Alxa Left Banner, which started the campaign to combat the encroachment of desertification in 1981.

Currently, the vegetation cover in the aero-seeded area has increased to 50.4 percent as against only 0.17 percent ten years ago. The shifting sand has been fixed and sand dunes have been chopped off by several dozen meters.

Hordes of Mongolian gazelles, which had not been seen in the area for years, have begun to return, and so have foxes, wild hares and a dozen species of birds.

In 1991, the tenth year of successive severe drought, the Banner opened 44,590 ha of aero-seeded area for 34,000 head of camels, goats and sheep to tide over the winter and spring.

By the end of last year the sheltered area had produced 120 million yuan-worth of grazing grass and 900,000 yuan-worth of grass seeds, far exceeding the amount spent on the aero-seeding project.

Central-South Region

Private Sector 'Major' Source of Guangdong Revenue

HK1808045893 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 16 Aug 93

[Text] The taxes delivered to the state by the self-employed industrial and commercial operators and private enterprises in this province now have become one of the major sources of Guangdong's revenue. According to a survey by a relevant provincial department, last year self-employed industrial and commercial operators and private enterprises throughout the province delivered a total of 2.5 billion yuan in taxes to the state, accounting for 11.34 percent of the province's tax revenues, topping all other provinces, municipalities, and autonomous regions in the country.

In the first half of this year, the taxes paid by the self-employed and private sector registered 1.72 billion yuan, up 49.96 percent compared with the same period last year. At present, the taxes delivered by self-employed industrial and commercial operators and private enterprises in some cities and counties are making up 40-50 percent of total local revenues. It has been learned that the phenomena of tax evasion and insufficient tax payment still exist among some self-employed industrial and commercial operators and private enterprises. The competent authorities of the province are planning to launch a general tax inspection in the second half of the year in order to plug any loopholes.

Guangzhou Improves Housing Conditions

OW1808091293 Beijing XINHUA in English 0855 GMT 18 Aug 93

[Text] Guangzhou, August 18 (XINHUA)—The living space per person for urban residents in Guangzhou will increase from the current 8.51 square meters [sq m] to ten square meters by 1995, according to a housing program announced by the city government.

By then, 70 percent of the families will have their own apartment.

According to the new program, the city will invest 3.14 billion yuan (about 551 million U.S. dollars) in constructing apartment buildings with a total floor space of 3.148 million sq m each year.

The massive housing construction will enable the real estate industry to develop at an annual rate of 10 percent in the next few years.

The city government will encourage the efforts of the city, the work units and individuals in the housing improvement project.

At present, preparations for the construction of one million sq m of new housing is progressing smoothly.

Former Guangxi CPPCC Chairman Dies

OW1808083793 Beijing XINHUA Domestic Service in Chinese 2111 GMT 17 Aug 93

[Excerpt] Nanning, 18 Aug (XINHUA)—Li Tongwen, chairman of the Fourth Guangxi Zhuang Autonomous Regional Committee of the Chinese People's Political Consultative Conference [CPPCC], died of illness in Nanning on 9 August 1993 at the age of 80. [passage omitted]

Hubei Governor Praises Food Basket Project

HK1808001093 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 15 Aug 93

[Excerpts] The three-day provincial food basket project work meeting concluded in Wuhan yesterday [14 August]. Provincial Governor Jia Zhijie spoke at the meeting. He emphasized: The food basket project is a technological project and a social project. All circles of society should show concern and support and do their best to contribute to this project. It is necessary to make conscientious and fruitful efforts.

At the meeting, the spirit of the national food basket project work conference was relayed and the concrete suggestions for the implementation in this province were set forth. The comrades in charge of some cities and counties, including Wuhan, Xiangfan, Yichang, Xiaogan, Shiyan, Huangshi, and Changyang, as well as the provincial agricultural and animal husbandry department, commerce department, and aquaculture bureau, shared their experience in this domain at the meeting. The participants unified their thinking, obtained a clearer understanding of the policy, and discussed the measures that should be taken.

Vice Governor Wang Shengtie presided over the meeting.

Provincial Governor Jia Zhijie and Hui Liangyu, deputy secretary of the provincial CPC committee, attended the meeting and made important speeches. The persons in charge of agriculture in all prefectures, cities, and autonomous prefectures, as well as those in charge of relevant provincial committees, offices, departments, and bureaus, attended the meeting.

In his speech, Jia Zhijie fully affirmed and summed up the achievements and positive experiences of the province in conducting the food basket project in recent years. The output of nonstaple foodstuffs in urban and rural areas province-wide has doubled and redoubled and industrial capacity has been constantly increased. The vegetables and other foodstuffs on the market are fresh, alive, tender, fine, and delicate and they are well supplied, even though some of them are in the off season. The famous, speciality, authentic [word indistinct] products have been developed simultaneously, and they are taking up an ever-expanding proportion. New progress has also been made in the sorting, cutting, processing, packaging, storage, and transportation of meat, fish,

poultry, eggs, and vegetables, to the satisfaction of producers, consumers, and the government. [passage omitted]

Following that, Jia Zhijie expounded on the great significance of speeding up the execution of the food basket project in the context of the socialist market economy from the perspective of developing rural economy and overall economy. He pointed out: In light of the trend of agriculture and rural economic restructuring, the provincial party committee and provincial government put forward the guideline that, while stabilizing grain and cotton production, efforts should be made to develop township and town enterprises and diversified economy and increase peasants' income by a big margin. Diversified economy is a focal point for internal agricultural restructuring. Meat, fish, poultry, eggs, vegetables, and fruits are the focal points of diversified economy and a main approach to the development of township and town enterprises by beginning from green enterprises. The processing, warehousing, and transportation of the products of green enterprises are the important [words indistinct] of township and town enterprises in their development. Therefore, making a good job of the food basket project is an important measure for achieving a breakthrough in diversified economy and the development of township and town enterprises. [passage omitted]

Southwest Region

NPC Official Li Peiyao Visits Guizhou City

HK1308125493 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 12 Aug 93

[Excerpt] From 10 to 12 August, Li Peiyao, vice chairman of the National People's Congress Standing Committee, made an inspection tour in Zunyi.

On 10 August, Li Peiyao, accompanied by deputy provincial Secretary Liang Mingde and some others, came to Maotai Distillery and listened to a report on the distillery's development. He visited the distilling workshop, storehouse, and packaging workshop in the rain. He also visited Maotai Spirit Museum and the site where the Red Army crossed Chishui He three times. [passage omitted]

Yunnan Steps Up Transport Construction

OW1808091193 Beijing XINHUA in English 0837 GMT 18 Aug 93

[Text] Kunming, August 18 (XINHUA)—Yunnan, which used to be noted for its backward transportation conditions, is giving priority to improving this sector of its infrastructure.

With the full support of the provincial government in terms of funds and manpower, the construction of 18 transport projects, with a total investment of 10 billion yuan (about 1.6 billion U.S. dollars) is now in full swing.

In the first half of this year several transport improvement and construction projects were put into operation, including those of Kunming Airport, the Guangtong-Chuxiong Railway and three main highways.

Located in southwest China, 94 percent of Yunnan's land space is mountainous. It has over 600 rivers and is inhabited by 26 minority nationalities.

In the past 43 years between 1950 and 1992 the provincial government and people carried out all-round construction drives to build roads and highways linking all its counties and 94 percent of its townships.

The construction of railway lines between Chengdu in Sichuan Province and Kunming, and Guiyang in Guizhou Province and Kunming have improved transportation conditions greatly in Yunnan.

However, with the rapid development of the economy during the past dozen years of reform and opening to the outside, the province has found that transportation is still the major bottleneck to economic development.

Each year about 15 million tons of goods cannot be transported outside the province. Some industrial enterprises have to limit their production targets because of lack of transportation.

Between January and June this year some 1.3 billion yuan was used in transportation construction.

At present, more than 100,000 workers are busy constructing highways, railways, river navigation channels and air transport facilities.

The province plans to build a high-grade highway network around its capital city of Kunming. Now there are six highways under construction, with a total length of 3,750 km leading from Kunming to border areas. They will link up with Sichuan and Guizhou Provinces and the Guangxi Zhuang Autonomous Region, and Myanmar (Burma), Laos and Vietnam.

Yunnan has more than 4,000 km of border.

According to official sources, the province has built nearly 90,000 km of highways—the second-biggest highway network in China.

The province has also made big progress in railway construction, with over 1,500 km of local railway lines.

The three construction and improvement projects of major railways from Nanning to Kunming, from Guangtong to Dali, and from Kunming to Yuxi are funded to the tune of nearly seven billion yuan.

The Kunming-Yuxi railway, with a total length of 55 km, is expected to open to traffic this year.

At the same time, a blueprint for another railway line from Kunming to Neijiang in Sichuan Province has been drawn up by the two provinces. It will cost over three billion yuan.

The province plans to improve navigation on its five main rivers. It now has a dozen cargo fleets.

Meanwhile, over 700 million yuan has been invested in eight airport construction and improvement projects in Kunming, Dali, Mangshi, Lijiang, Baoshan, Simao, Zhaotong and Xishuangbanna. They are scheduled to be completed by 1995.

Kunming Airport, the fifth-largest in China, has opened air routes to 43 domestic and foreign cities, including Singapore, Bangkok, Vientiane, Rangoon, Hong Kong, Beijing, Shanghai, Guangzhou and Harbin.

North Region

Tianjin Appoints New Judicial Personnel

SK1808042693 Tianjin TIANJIN RIBAO in Chinese
21 Jul 93 p 2

[Text] Approved at the first meeting of the Standing Committee of the municipal people's congress on 20 July, Chen Guoli was removed from the posts as deputy chief procurator of the Tianjin Municipal People's Procuratorate and member of its procuratorial committee; Han Zhenqi [7281 2182 6386] was appointed as president of the Tianjin Municipal Intermediate People's Court; Wang Cunshan was removed from the posts as president of the Tianjin Municipal Intermediate People's Court and member of its Judicial Committee; Luo Xiuying [7482 4423 5391] was appointed as chief procurator of the Tianjin Municipal People's Divisional Procuratorate; and Zhang Dequan was removed from the posts as chief procurator of the Tianjin Municipal People's Divisional Procuratorate and member of its procuratorial committee.

List of Tianjin New Government Personnel

SK1808084693 Tianjin TIANJIN RIBAO in Chinese
22 Jul 93 p 2

[Personnel Appointment Decision of the 12th Tianjin Municipal People's Congress approved at its first Standing Committee meeting on 21 July]

[Text] Appointment of Zhang Guanwen [1728 1977 2429] as secretary general of the Tianjin Municipal People's Government.

Appointment of Chen Hongjiang [7115 3163 3068] as director of the General Office of the Tianjin Municipal People's Government.

Appointment of Chen Haodong [7115 4110 2639] as chairman of the Tianjin Municipal Planning Commission.

Appointment of Li Yongwu [2621 0516 2976] as chairman of the Tianjin Municipal Economic Commission.

Appointment of Liu Yulin [0491 3768 7792] as chairman of the Tianjin Municipal Urban and Rural Construction Commission.

Appointment of Yang Xincheng [2799 2450 2052] as chairman of the Tianjin Municipal Commission for Economic Restructuring.

Appointment of Liang Su [2733 5126] as chairman of the Tianjin Municipal Science and Technology Commission.

Appointment of Zhuang Gonghui [8369 0361 1920] as (concurrent) chairman of the Tianjin Municipal Education and Health Commission.

Appointment of Chen Zhonghuai [7115 6988 2849] as chairman of the Tianjin Municipal Rural Work Commission.

Appointment of Wang Shuzu [3769 6615 4371] as chairman of the Tianjin Municipal Foreign Economic Relations and Trade Commission.

Appointment of Guo Yingqiu [6753 6601 4428] as chairman of the Tianjin Municipal Commercial Commission.

Appointment of Zhou Lianyou as chairman of the Tianjin Municipal Transportation Commission.

Appointment of Lu Jinfa [4151 6855 4099] as director of the Economic Cooperation Office of the Tianjin Municipal Government.

Appointment of Song Pingshun as (concurrent) director of the Tianjin Municipal Public Security Bureau.

Appointment of Zhang Wengang [1728 2429 0474] as director of the Tianjin Municipal State Security Bureau.

Appointment of Liu Yaoliang [0491 5069 0081] as director of the Tianjin Municipal Supervision Bureau.

Appointment of Guo Yanyi as director of the Tianjin Municipal Civil Affairs Bureau.

Appointment of Liu Guangju [0491 1639 3515] as director of the Tianjin Municipal Justice Bureau.

Appointment of Wang Zhiping [3769 1807 1627] as director of the Tianjin Municipal Personnel Bureau.

Appointment of Hua Shaozeng [5363 4801 2582] as director of the Tianjin Municipal Labor Bureau.

Appointment of Lu Yannian [0712 1693 1628] as director of the Tianjin Municipal Finance Bureau.

Appointment of Jin Xianglin [7246 4382 7792] as director of the Tianjin Municipal Auditing Bureau.

Appointment of Weng Jialu [5040 1367 4389] as director of the Tianjin Municipal Price Bureau.

Appointment of Liang Zhaoxin [2733 0340 2450] as director of the Tianjin Municipal Statistical Bureau.

Appointment of Wang Kechang [3769 0344 2490] as director of the Tianjin Municipal Metallurgical Industry Bureau.

Appointment of Dai Chengwen [2071 2052 2429] as director of the Tianjin Municipal Chemical Industry Bureau.

Appointment of Jin Jiyuan as director of the Tianjin Municipal Machine-Building Industry Administration.

Appointment of Shi Qilin [2514 0366 2651] as director of the Tianjin Municipal Electronic Instrument and Meter Administration.

Appointment of Cui Yanqing [1508 5888 0615] as director of the Tianjin Municipal First Light Industry Bureau.

Appointment of Ning Shuli [1337 2579 4539] as director of the Tianjin Municipal Second Light Industry Bureau.

Appointment of Yu Guangcai [0060 1639 2088] as director of the Tianjin Municipal Textile Industry Bureau.

Appointment of Cao Xuezhi [2580 1331 2535] as director of the Tianjin Municipal Pharmaceutical Administration.

Appointment of Gu Jinde [7357 6855 1795] as director of the Tianjin Municipal Changlu Salt Administration.

Appointment of Liu Bozong [0491 0130 1350] as director of the Tianjin Municipal Technological Supervision Bureau.

Appointment of Wang Ende [3769 1869 1795] as director of the Tianjin Municipal Port Administration.

Appointment of Zhang Deming [1728 1795 2494] as director of the Tianjin Municipal Transportation Bureau.

Appointment of Zhao Youhua [6392 0645 5478] as director of the Tianjin Municipal Planning and Designing Administration and the Tianjin Municipal Land Administration.

Appointment of Wang Tianlin [3769 1131 7792] as director of the Tianjin Municipal Engineering Bureau.

Appointment of Xia Rongmao [1115 2837 5399] as director of the Tianjin Municipal Real Estate Administration.

Appointment of Zhu Jisheng [2612 4480 3932] as director of the Tianjin Municipal Architectural Engineering Bureau.

Appointment of Zhang Renyi [1728 0088 3015] as director of the Tianjin Municipal Building Material Industry Administration.

Appointment of Wang Guixin [3076 6311 2450] as director of the Tianjin Municipal Public Utilities Bureau.

Appointment of Zuo Zijiang [1563 1311 2417] as director of the Tianjin Municipal Park Administration.

Appointment of Zhang Changshan [1728 1603 1472] as director of the Tianjin Municipal Environmental Sanitation Administration.

Appointment of Liu Jinsheng [0491 6855 3932] as director of the Tianjin Municipal Environmental Protection Bureau.

Appointment of Kuang Xianfu [6782 0341 4395] as director of the Tianjin Municipal Local Railway Administration.

Appointment of Chen Ximing [7115 6932 6900] as director of the Tianjin Municipal First Commercial Bureau.

Appointment of Zheng Xiheng [6774 6932 1854] as director of the Tianjin Municipal Second Commercial Bureau.

Appointment of Li Zhenhua [2621 2182 5478] as director of the Tianjin Municipal Grain Bureau.

Appointment of Shi Dong [4258 2767] as director of the Tianjin Municipal Industrial and Commercial Administration.

Appointment of Geng Jianhua [5105 1696 5478] as director of the Foreign Affairs Office of the Tianjin Municipal People's Government.

Appointment of Du Minghao [2629 2494 4110] as director of the Tianjin Municipal Foreign Trade Bureau.

Appointment of Sun Hailin [1327 3189 7792] as director of the Tianjin Municipal Tourist Bureau.

Appointment of Chen Zhonghuai [7115 6988 2849] as (concurrent) director of the Tianjin Municipal Agriculture and Forestry Bureau.

Appointment of Zhang Kejun [1728 0344 0193] as director of the Tianjin Municipal Township Enterprise Administration.

Appointment of Liang Jinfu [2733 0093 4569] as director of the Tianjin Municipal Aquaculture Bureau.

Appointment of Liang Xuepeng [2733 1331 7720] as director of the Tianjin Municipal Animal Husbandry Bureau.

Appointment of Qiao Wanyi [0829 8001 5030] as director of the Tianjin Municipal Agricultural Machine Bureau.

Appointment of Xing Yuanmin [6717 0337 2404] as director of the Tianjin Municipal Higher Education Bureau.

Appointment of Li Wenxi [2621 5113 3886] as director of the Tianjin Municipal Education Bureau.

Appointment of Liu Guishun [0491 6311 7311] as director of the Tianjin Municipal Second Education Bureau.

Appointment of Zhang Yu [1728 1937] as director of the Tianjin Municipal Public Health Bureau.

Appointment of Qiu Yong [0092 8673] as chairman of the Tianjin Municipal Physical Culture and Sports Commission.

Appointment of Zhao Yuru [6392 3768 5423] as chairman of the Tianjin Municipal Family Planning Commission.

Appointment of Dong Shuyi [5516 2885 5030] as director of the Tianjin Municipal Radio and Television Bureau.

Appointment of Ye Hourong [0673 0624 2837] as director of the Tianjin Municipal Culture Bureau.

Appointment of Li Shuren [2621 2885 0086] as director of the Tianjin Municipal Press and Publication Administration.

Appointment of Zhao Zhongya [5128 0022 0068] as chairman of the Tianjin Municipal Nationalities Affairs Commission.

Appointment of Liu Changxi [0491 7022 0823] as director of the Religious Affairs Bureau of the Tianjin Municipal People's Government.

Appointment of Qian Degui [6929 1795 6311] as director of the Civil Air Defense Office of the Tianjin Municipal People's Government.

Northeast Region

Liaoning Secretary on Shareholding System

SK1708051893 Shenyang LIAONING RIBAO in Chinese 21 Jul 93 pp 1,2

[By reporter Peng Shufen (1756 3219 5358): "Carefully Organize Efforts To Actively Explore, Steadily Advance and Soundly Develop the Rural Shareholding Cooperation System"]

[Excerpts] On 17-18 July, the provincial party committee and the provincial government held a forum to exchange experiences in accelerating the development of a shareholding cooperation system in rural areas. [passage omitted]

Quan Shuren, secretary of the provincial party committee, and Ma Pinfang, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference, attended the forum. Some units introduced their experiences at the forum and some specialists and

scholars made theoretical analysis. Comrades of 11 provincial units made speeches and leading comrades of nine cities gave briefings on their own situations and opinions for carrying out the next step of work. Participating comrades also visited a shareholding cooperation enterprise in Wusan Township in Dongling District. At the end of the forum, Quan Shuren, secretary of the provincial party committee, gave an important speech.

He proposed that efforts be made to correctly analyze the situation of implementing the shareholding cooperation system in rural areas. Judging from the overall situation, our province has made a good start in carrying out the shareholding cooperation system in rural areas and achieved initial results. Since 1988, the shareholding cooperation system has developed gradually in our province's rural areas. Inspired by the guidelines of Comrade Xiaoping's speech made during his tour to south China in 1992 and guided by the strategic objectives proposed by the 14th party congress on building the socialist market economy system, our province's rural shareholding cooperation system has entered a period of fairly quick and large-scale development. On the basis of popularizing the experiences of the pilot units, some counties and districts which started this work early have begun to implement this system by stages and groups in their entire areas. Until now, more than 2,400 enterprises in rural areas across the province have implemented various forms of the shareholding cooperation system, and the total money paid for the shares reached more than 2.71 billion yuan. Most of them are running well.

Quan Shuren pointed out: The basic development trend of the whole province's rural shareholding cooperation system has been good and there are two indications: First, all localities have made good preparations for trying out this system in selected units, adopted the method of learning from other localities and going to the grass roots to do research and study, formulated plans conscientiously, defined implementation steps, and selected enterprises with typical significance as pilot units. In experimental work, they have paid attention to proceeding from reality and implemented flexible and diversified forms of the shareholding cooperation system in accordance with their needs and possibility and in line with local conditions. Second, although the implementation of the rural shareholding cooperation system is only in an initial stage in our province, the advantages of this system have emerged. At least, we can see that it is capable of integrating the advantages of collective business and family-based business and mobilizing the enthusiasm of the two. The shareholding cooperation system has tremendous potential. It is necessary to actively guide the implementation of this system and develop it as quickly as possible.

Quan Shuren pointed out: In popularizing the shareholding cooperation system in rural areas, we should also be good at seizing opportunities. We can say that the demand set in the development target of the socialist market economic system defined by the 14th Party

Congress has provided an opportunity for deepening rural reform and accelerating development. This is a good opportunity for developing the shareholding cooperation system in rural areas. In face of the good opportunity of promoting the shareholding system, we should see that all types of work match the pace of this system closely, never lose this opportunity, grasp this work realistically and meticulously, and maintain a good trend in developing the shareholding cooperation system in rural areas.

Quan Shuren pointed out: We should fully understand the major significance of the rural shareholding cooperation system in the course of improving rural reform and accelerating economic development. This system is the specific application and development of the shareholding system in the rural cooperative economy. It differs from traditional collective economy, private partnership, and private economy. It is a new business body and a method formed by the shares of the essential factors of production, including funds, equipment, technology, lands, and manpower, through agreements inside or among units of various forms of ownership in the rural areas. It is composed of such forms as the neighborhood shareholding cooperation system, enterprise transformation shareholding cooperation system, non-governmental shareholding cooperation system carried out on a voluntary basis, and the trans-regional, trans-trade, and trans-ownership shareholding cooperation system. Through establishing a committee of shareholders, board of directors, and supervisory committee, this system enables shareholders to directly participate in operation and supervision of enterprises. During operational activities, it establishes the mechanism of jointly sharing the benefits and undertaking risks, and in the relations of accumulation and distribution, it persists in accumulating public funds and implementing the principle of integrating distribution according to work with distribution according to shares. The advantage of the shareholding cooperation system is that it has the nature of collective and unified management of the cooperative economy; at the same time, it absorbs the advantages of the private economy which has clearly defined property rights and direct benefits. In addition to giving play to the advantages of integrating all sorts of essential production factors, including funds, technology and labor, it also protects and mobilizes the production enthusiasm of laborers. This system forms new economic organizations that meet the level of the current rural productive forces and is one of the important aspects in improving reform of the rural economic system.

Quan Shuren pointed out: The rural shareholding cooperation system is an important step of enabling the traditional planned economy and the natural economy to march towards the market economy. It demands that producers and managers must have ability to withstand and resist risks; and that producers and managers must regard the optimum distribution of natural resources and organization of the essential production factors as

the preconditions for participating in cooperation. As a new form of management and operational mechanism, the shareholding cooperation system has the exact essential functions of marching towards the market economy. In face of all sorts of risks which will come inevitably from the market economy, enterprises practicing the shareholding cooperation system have the mechanism of eliminating risks. This mechanism is one where the main shareholding bodies are made to jointly share the risks. The shareholding cooperation system is a system that comes into being exactly to meet the needs of the market economy and its distinctive characteristic is that the shareholders "invest what they have to form a joint organization to make up for what they lack and overcome deficiencies." Thus, we may optimize the organization of essential production factors to the greatest extent and have stable footing in the market economy.

Quan Shuren demanded: The guiding ideology which we should establish in promoting the rural shareholding cooperation system is to take the basic theory on building socialism with Chinese characteristics as guidance, to proceed from the objective of improving rural reform and protecting and developing the rural productive forces, to be guided by the market economy, to keep eyes on boosting the enthusiasm of all rural sectors and realizing the optimum organization of the essential production factors, to adopt positive and reliable steps to promote the extensive development of the shareholding cooperation system in the rural areas, to gradually standardize the system and to make it develop soundly. There are four principles which we must follow in promoting the shareholding cooperation system in the rural areas: First, we should follow the principle of emancipating and developing productive forces. Regardless of which form we may adopt, we must judge the rights and wrongs with the criterion of productive forces and support and affirm all things that meet the "three criteria." Second, we should follow the principle of proceeding from reality. The specific form of the shareholding cooperation system must conform to the practical situation of productive forces. We must not mechanically copy one pattern. Third, we should follow the principle of following the mass line. In promoting the shareholding cooperation system, we must follow the mass line and implement the leadership method of "getting the opinions of the masses and referring them back to the masses." We must consider the masses' degree of awareness and their economic strength in buying shares, and must not practice coercion and authoritarianism or set forth some overly high and urgent demands. Fourth, we should follow the principle of exploring and blazing new trials.

Quan Shuren pointed out: Promoting the shareholding cooperation system is a comprehensive work task involving important policies, lots of work, many external factors of restrictions and high-precision operations. Leaders at all levels must carefully and conscientiously organize this work with the spirit of assuming full responsibility and a scientific attitude, and guarantee

that the shareholding cooperation system develop in a sound and down-to-earth manner. We should help enterprises experimenting with this system appraise their assets, define the stock rights and stock categories, organize the establishment of organs and establish regulations and systems. Meanwhile, we must properly handle the relations in six aspects: First, we should properly handle the relationship between accumulation and distribution, establish and improve the enterprise public accumulation system, and guarantee that the value of collective assets will increase unceasingly; second, we should properly handle the relationship between risks and interests, uphold the principle of jointly sharing risks and enjoying benefits and prevent the trend of sharing only profits not deficits; third, we should properly handle the relationship between the supervision of policy decisions made by the board of directors and the supervision committee and the power of plant directors and managers in management and in giving play to the role of shareholders as masters of the plants and enable enterprises to unceasingly enhance their management and decisionmaking quality, efficiency and democratic management level; fourth, we should properly handle the relationship between the shareholding cooperation system and the contract system, and on the basis of implementing the shareholding cooperation system, carry out the contract responsibility system and improve the contract system in line with the shareholding cooperation system; fifth, we should properly handle the relationship between the shareholding cooperation system and the enterprise internal supporting reform, conduct the supporting reform of production, technology, labor, personnel, marketing, financial affairs, and welfare among enterprises in line with the principle of the shareholding cooperation system and enable enterprises to improve their management and operational mechanisms; sixth, we should properly handle the relationship between competent departments and enterprises which have changed their mechanism, and mainly use economic means to manage and serve the enterprises.

Quan Shuren stressed: Party committee and government leaders at all levels must have a sense of urgency and responsibility, further emancipate the mind, change ideas, and regard development of the rural shareholding cooperation system as an important task for deepening rural reform and the implementation of this system as an important measure for carrying out the "second pioneering program."

In conclusion, Xu Wencai, member of the Standing Committee of the provincial party committee and secretary general of the provincial party committee, worked out plans for implementing the guidelines of this forum. Deputy secretaries and vice mayors charged with agricultural work of various cities, and responsible persons of various provincial-level departments concerned attended the forum.

Liaoning Government Holds Plenary Session

SK1708062793 Shenyang LIAONING RIBAO in Chinese 20 Jul 93 pp 1,2

[By reporter Liu Zhiyun (0491 1807 0061): "The Second Plenary Session of the Eighth Liaoning Provincial Government Stresses the Necessity To Seek Vitality in the Economically Strained Situation, Make Rapid Development on the Basis of Stability, and Make Development in the Course of Speeding Up Reform and Opening Up"]

[Text] The second (enlarged) plenary session of the eighth provincial government was held on 17 July. Governor Yue Qifeng and Vice Governors Wen Shizhen, Zhang Rongmao, and Guo Tingbiao attended the session. Present at the session were more than 100 people, including principal responsible persons of the organizational departments and the units directly under the provincial government and mayors of various cities.

Vice Governor Wen Shizhen chaired the session. Governor Yue Qifeng made an important speech at the session. He said: This plenary session mainly studied ways to implement the central authorities' major policies on strengthening the macroeconomic regulation and control; to seek vitality in the economically strained situation, make rapid development on the basis of stability, and make development in the course of improving reform and expanding the scale of opening to the outside world; and to arrange the economic work in the next half of the year according to these guidelines.

Yue Qifeng said: We must unswervingly implement the Party Central Committee and the State Council's recent major policy decisions on strengthening the macroeconomic regulation and control. According to the province's actual conditions, we should accurately understand and handle the relations in three aspects. First, we should accurately understand and handle the relation between the strained situation and the vivid situation and persistently seek vitality in the strained situation. Second, we should accurately understand and handle the relation between stability and rapidness and persistently make rapid development on the basis of stability. Third, we should accurately understand and handle the relation among reform, opening up, and development and persistently make development in the course of deepening reform and expanding the scale of opening to the outside world.

Yue Qifeng said: Accurately analyzing the provincial economic situation is an important prerequisite for implementing the policy decisions of the central authorities. He said: Since the beginning of this year, particularly after the formulation of the strategic objective for "the second pioneering program" by the provincial party committee and the provincial government, the vast number of the cadres and the people across the province, inspired by the guidelines of the 14th Party Congress and

the First Session of the Eighth National People's Congress, have been full of high enthusiasm for emancipating the mind and speeding up the pace of development; and the province has maintained a faster economic growth trend. In the first half of this year, the GNP increased by 12.5 percent over the same period of last year. The overall economic operation tended to be good. The specific indicators were as follows: First, the province generally paid attention to agriculture and started to readjust the cropping structure. Second, the industrial production continued to increase, and the industrial enterprises' economic results increased. Third, new economic growing points developed at a high speed. Fourth, the scale of opening up was continuously expanded, and increasingly more foreign capital was used. Fifth, new headway was made in deepening reform, particularly the reform of the property right system. He said: At the time of fully affirming the main trend of economic development, we should also clearly understand the new contradictions and new problems cropping up in the course of economic development. First, the strain on capital has become the most prominent factor restricting the economic development. Second, the contradictions in structures tend to become more serious. Different trades and different enterprises produce polarization. Third, the economic growth rate tend to slow down. We cannot be optimistic about the future. Therefore, a task of urgent importance is that we should exert efforts to seek vitality, rapidness, and development under the guidance of macroeconomic regulation and control.

Yue Qifeng said: The general requirements for the province's economic work in the next half of the year are to conscientiously implement the guidelines of the instructions of the party Central Committee and the State Council; to further emancipate the mind; to change ideas; to put priorities in a prominent position; to grasp key points; to concentrate our main energy on deepening reform, changing mechanisms, optimizing structures, and improving efficiency; and to ensure the fulfillment of the 1993 tasks as set forth at the first session of the first provincial People's Congress. To this end, Governor Yue Qifeng set forth eight opinions:

1. We should straighten out the bank order, vigorously enliven capital, and improve the beneficial results from use of capital. We should have the determination to straighten out the financial order and strictly enforce the banking discipline. Currently there are many reasons for causing strain on capital. The slow turnover of capital and the tie-up of more capital are the main reasons. That the normal savings deposits have been affected by the arbitrary collection of various funds is also one of the reasons. The unlawful interbank money lending and the tie-up of the difference in money remittance by banks affect the financial order. So, we should be determined to straighten out the financial order and resolutely correct the unlawful interbank lending phenomena. It is also necessary to withdraw the money that has been lent by 15 August. Those who cannot return the money should

explain the reasons and give opinions on settlement. The situation of collecting funds from society should comprehensively be straightened out. The funds that have been collected without the state approvals should be handled one after another. It is necessary to realistically eliminate the obstacles for money remittance, to scrupulously abide by the commercial ethics, and to investigate and handle undisciplined activities. It is necessary to strictly enforce the policies governing the interest rates. None is allowed to raise interest rates in an arbitrary or disguised way. We should launch the "war of savings deposits" with high interest rates. The nonbanking financial organizations run by the financial departments and some other economic entities should thoroughly be divorced from banks. The funds that have been invested in these organizations should be withdrawn within a set time. We should strictly clear up the loans granted to the development of real estate and also strengthen the management of real estate markets. We should pay particular attention to ensure fulfilling the task of the issuance of treasury bonds in the course of straightening out financial order. We should vigorously increase savings deposits of the urban and rural dwellers and expand the withdrawal of currency from commodity service. We should fully tap the potential for capital and vigorously enliven capital. We should optimize the investment structure, ensure the supply of funds for key projects, reduce the funds for ordinary projects, and make good use of limited funds. According to the principle that efficiency is above everything, we should arrange capital construction and technological transformation projects in the order of importance and urgency, ensure the construction of those that should be ensured, suspend the construction of those that should be suspended, and develop the construction of those that should be developed.

2. We should accelerate technological transformation and make structural readjustment. To speed up the technological transformation and make structural readjustment, we should persist in the principle of less new projects and more transformation projects. Through technological transformation, we should develop precision and intensive processing industries, turn out finished products, improve the technological contents of products, realize the upgrading and updating of products, and follow the economic development path of low input, high output, and rapid accumulation. In the latter half of this year, we should give concentrated energy to readjusting the technological transformation structure and also rearranging the technological transformation projects in the principle of "guarantee, suspension, stop, and development." The most effective way for accelerating technological transformation and making structural readjustment is to conduct "graft-typed" transformation. The practice in the past years proved that transforming old enterprises with foreign investment and technology is a way not only to bring in foreign capital and technology and to introduce foreign management and markets but also to form the managerial mechanisms of three kinds of foreign-funded enterprises

and to link up with international markets. We should fully use these forms to revitalize old enterprises.

3. We should grasp favorable opportunities. The deepening of reform must not be shaken. We should further define the relationship of property rights and carry out the method of management of state-owned property in a varied manner. We should continue to perfect the enterprise leadership system and improve the setup of leading bodies. We should improve reform of the investment system, enhance the awareness of taking risks in making investments, and ensure the efficiency from using investments.

4. We should expand the scale of opening to the outside world and improve the level of opening up. First, we should focus on improving the level of opening Dalian to the outside world and promote the opening of the whole province to the outside world. Second, we should strengthen external propaganda and expand the economic and technological cooperation. Third, we should further improve the investment environment and improve the level of opening to the outside world. The regulations that obstruct and are not conducive to the opening of the province to the outside world should be sorted out or abolished. The methods that obstruct the expansion of opening up must immediately be suspended. Those who do not attain the service standards cannot take on the jobs. Those who are incompetent should resolutely be dismissed from their posts.

5. We should continue to vigorously develop town and township enterprises and speed up the cultivation of new economic growing points.

6. We should continue to attend to agricultural production, base ourselves on combating disasters and reaping bumper harvests, and ensure to greatly develop the rural economy.

7. We should increase revenues and strengthen the collection and management of tax revenues. We should continue to persist in the principle of conserving old financial resources and cultivating new financial resources. We must not change our minds despite any difficulties we encounter. This is the fundamental way for alleviating the province's strained financial situation. To alleviate the difficulties in the turnover of financial funds, we should concentrate energy on clearing up the taxes that enterprises default and the taxes tied up by the banks. The financial departments should work in close cooperation with banks to solve the problems relating to the taxes tied up by the banks, the subsidies that should have subsidized by the financial departments, and the refunds that should be refunded so as to untie the debt chains among enterprises, financial departments, and banks. We should vigorously launch the campaign of

increasing revenues and reducing expenditures and achieve the collection and management of tax revenues. We should strengthen the registration, report, and examination of the tax payments by state-owned enterprises, private enterprises, individual enterprises, and three types of foreign-funded enterprises; and adopt realistic and feasible measures to stop up various kinds of loopholes. At the time of strengthening the management of customs duty and the import taxes and industrial and commercial taxes to be reduced and remitted, we should resolutely end the phenomena of fraudulent application and claim. We should strengthen the restrictions of budget and handle affairs strictly according to budget. No units and departments are allowed to violate the central unified policies to reduce budgeted revenues and increase budgeted expenditures. Administrative units and institutions should strive to reduce their administrative expenses and strictly control and reduce the convocation of meetings in the latter half of the year. All localities and departments should reduce the meeting expenses by 20 percent on the basis of the 1993 budgeted figures. We should strictly control the excessive activities of going abroad. The activities and festival celebrations without any real significance should be banned. It is necessary to control the consumption of social institutions. In principle, no approvals of purchasing limousines will be given to party, government, and mass organizations in the latter half of this year. The areas that are in arrears with payment of teachers' wages, money-losing enterprises, enterprises with defaulted taxes, and the enterprises without funds for their special use are not allowed to purchase limousines.

8. We should conscientiously solve the hot-debated problems affecting the social stability and create a good environment for the stable and sound economic development and the civilization progress.

Yue Qifeng concluded: The province has entered a key period of reform, opening up, and economic development. We are confronted with new challenge and trials. Under the new situation, the leaders at various levels must further emancipate the mind, be inspired with enthusiasm, and creatively carry out our work. We must make efforts to study and grasp the law governing the socialist market economy and the special features of the socialist market economy and upgrade the ability in controlling the macroeconomic regulation and control. We must carry forward the work style of linking theory with practice, go deep into reality, conduct investigations and study, do solid work, and realistically solve the new contradictions and problems cropping up in the course of advance. We should set an example, be honest in performing official duty, and be loyal to our duties. Only by so doing will we be able to guide the cadres and the masses to build socialism with Chinese special characteristics.

ROK To Establish Mission in Taipei in Oct

*OW1808082393 Taipei CNA in English 0753 GMT
18 Aug 93*

[Text] Seoul, Aug. 18 (CNA)—The South Korean mission in Taipei will be established in October to serve Korean interests in the absence of diplomatic ties between Taipei and Seoul, according to a Tuesday [17 August] report in the Korean media.

According to CHUNGANG ILBO, the office would be established in accord with the agreement reached between Taiwan and South Korea during discussions in July.

The newspaper report quoted Korean Government sources as saying that the mission will be staffed by diplomats from the foreign ministry.

The Korean mission in Taipei will issue visas in the name of its general consul in Hong Kong, and is a de facto consular office in Taipei.

The report also said although the mission could not replace the Korean Embassy, which was closed following the severance of diplomatic ties between Taiwan and South Korea last year, it is expected to help promote a resurgence of mutual exchanges, especially trade and civilian exchanges, between the two countries.

Australian Delegate Signs Investment Accord

*OW1708085693 Taipei CNA in English 0801 GMT
17 Aug 93*

[By Y.C. Tsai]

[Text] Taipei, Aug. 17 (CNA)—Taiwan and Australia Tuesday [17 August] agreed to protect industrial property rights and to promote cooperative investment and technology transfers.

Vice Minister of Economic Affairs Sheu Ke-sheng and Colin Heseltine, representative of the Australian Commerce and Industry Office in Taipei, signed a memorandum of understanding on the protection of industrial property rights at 10 A.M.

The pact demonstrates the two countries' commitment to the protection of intellectual and industrial property rights including trademarks and patents, Sheu said.

Later, Ricky Y.S. Kao, director-general of the Industrial Development and Investment Center, and Heseltine signed another memorandum on investment promotion and technology transfers.

Under the accord, the two sides will establish a working committee in which Taiwan and Australia will examine ways to increase bilateral investment and technology transfers.

Taipei and Canberra also pledged to combine forces in seeking joint venture opportunities in third countries and regions throughout Asia.

The two memoranda of understanding should provide a further boost to trade and investment ties between Taiwan and Australia, Sheu noted.

Heseltine pointed out that the memoranda "are another sign of Australia's deepening relationship with Taiwan and the East Asian region."

They also demonstrate the strong support of the Canberra government for Australian companies trading with and investing in Taiwan, he stressed.

The two memoranda of understanding will take effect after both sides make the necessary legislative arrangements.

Statistics showed that two-way trade between Taiwan and Australia totaled US\$3.5 billion last year, with Australia enjoying a surplus of US\$700 million.

Australia is Taiwan's fifth largest trading partner, next to the United States, Japan, Germany, and South Korea.

Indonesian Minister Supports Attendance in APEC

*OW1708085493 Taipei CNA in English 0755 GMT
17 Aug 93*

[Text] Taipei, Aug. 17 (CNA)—Indonesian Foreign Minister Ali Alatas said he supports the participation of the Republic of China [ROC] at the proposed Asia-Pacific Economic Cooperation (APEC) leadership conference. According to the ROC Ministry of Foreign Affairs, Alatas had originally indicated that Taiwan and Hong Kong should not be allowed to participate in the conference because they are not sovereign states.

However, when asked to clarify his statement, Alatas said he was citing the official position of communist China, and not his personal view.

Alatas said he would like to see all 15 APEC members invited to the meeting, adding that he hoped communist China would compromise to allow participation by both Taiwan and Hong Kong.

The proposed leadership conference is slated for November in Seattle, Washington.

Official Urges Firms 'To Make Inroads' in Japan

*OW1808084193 Taipei CNA in English 0801 GMT
18 Aug 93*

[By Y C Tsai]

[Text] Taipei, Aug. 18 (CNA)—The rising value of the Japanese yen against major world currencies will drive up Taiwan's deficit with Japan in the short term, a ranking official said Wednesday [18 August].

Hsiao Wan-chang, chairman of the Council for Economic Planning and Development (CEPD), however, stressed that now is also the best time for domestic manufacturers to make inroads into the Japanese market.

The Japanese yen rose to a post-war high of 100.4 yen against one US dollar in Tokyo Tuesday. In terms of its value versus the new Taiwan [NT] dollar, the yen has jumped about 30 percent since the beginning of this year, from 1:0.21 to 1:0.27.

A stronger currency results in cheaper imports and more expensive exports. As a result, Taiwan's import costs will increase, and the trade deficit with Japan will grow, Hsiao said.

The deficit, which totaled US\$12.9 billion last year, is expected to top US\$16 billion this year.

Nevertheless, Taiwan enterprises should use this opportunity moment to explore new outlets in Japan, the CEPD chairman noted, adding the lower NT dollar value would sharpen the competitive edge of Taiwan products.

He called on domestic manufacturers to speed up technology transfers from their Japanese counterparts. The increasingly important role of research and development for key parts and components will greatly improve product quality, he said.

The advantage of the exchange rate, coupled with improved product quality, will make Taiwan products more competitive on the Japanese market in the long run, he stressed.

Further on 14th Kuomintang National Congress

Li Teng-hui Appeals for Unity

OW1708144193 Taipei CNA in English 1418 GMT
17 Aug 93

[Text] Taipei, Aug. 17 (CNA)—A potential crisis which threatened to split the ruling Kuomintang was averted Tuesday [17 August] by incumbent KMT Chairman Li Teng-hui, who issued a last-minute appeal to squabbling party members to bury the hatchet.

The crisis stemmed from a controversy over whether the party should revise its charter to create a vice chairmanship.

When the politically-charged proposal was put to a vote after heated debate, it failed to get the two-thirds majority needed for charter revision. Of the 1,684 delegates present, 1,007 voted yes, 91 short of the required votes.

The outcome of the vote plunged the session into turmoil as supporters demanded a second vote while opponents refused to budge. The session was adjourned as a result.

But delegates in the afternoon session voted unanimously to reverse the decision following a passionate

appeal by Chairman Li for the creation of the post in order to strengthen party unity.

During the session, the delegates also passed regulations governing the election of party chairman, vice chairmen, central committee and central standing committee members.

Under the new regulations, the next KMT chairman will be elected by secret ballot. A candidate must be endorsed by at least one-tenth of all delegates.

Li had won the endorsement of 1,516 delegates as of Tuesday evening, far more than the required number, to continue his chairmanship.

The delegates are scheduled to elect the new party chairman by secret ballot Wednesday morning.

The new chairman will then nominate an "unspecified" number of vice chairmen for confirmation by the congress delegates by acclamation Wednesday afternoon.

In the third plenary session Tuesday, Legislative Yuan President Liu Sung-fan gave a detailed report on parliamentary reforms and legislative achievements during the past five years.

Foreign Minister Chien Fu briefed the delegates on the latest international situation, while Chairman Huang Kun-huei of the Mainland Affairs Council reported on the state of cross-strait relations.

Both Chien and Huang called on Beijing to reduce hostilities toward Taiwan to pave the way for China's eventual reunification.

Foreign Minister Gives Speech

OW1708145693 Taipei CNA in English 1401 GMT
17 Aug 93

[Text] Taipei, Aug. 17 (CNA)—The Republic of China [ROC] should be allowed its rightful place in the international community, Foreign Affairs Minister Chien Fu said Tuesday [17 August].

Addressing a plenary session of the 14th Kuomintang National Congress, Chien said the ROC will never abandon its goal of unifying China under the banner of freedom and democracy.

"But before China is reunified, we should have equal rights to participate in international activities," Chien asserted.

He said Beijing cannot represent the 20.8 million people living in Taiwan because it has never controlled the island, and that although the ROC was forced out of the United Nations in 1971, it has not disappeared from the world map.

"We have continued to exist and grow into an economic powerhouse," Chien stated. "This is a fact that nobody can ignore or deny."

He said that since the collapse of communism in East Europe and the Soviet Union, economic development has replaced ideology and military alliances as the moving force in international relations.

In the face of the new world trend, Chien said, the ROC expects to play a more active role in regional and global affairs, noting that the ROC has established or resumed diplomatic ties with many central American and African countries in the past five years.

In addition, Chien pointed out, the ROC has set up 90 representative or trade offices in 60 countries with which it has no formal ties and joined 11 government-to-government international organizations and 795 non-governmental bodies.

Chien stated that Beijing's obstructionist policy has been the main impediment to the ROC's efforts to expand its foreign relations.

"We hope Beijing would face the reality of China's division and treat us on an equal footing so that the two sides can jointly promote national unification," he said.

MAC Chairman: Beijing Should Renounce Force
OW1708144993 Taipei CNA in English 1404 GMT
17 Aug 93

[Text] Taipei, Aug. 17 (CNA)—Mainland Affairs Council Chairman Huang Kun-huei said Tuesday [17 August] that Mainland China must renounce the use of force against Taiwan and recognize it as a separate political entity in order to further the incipient cross-strait relationship.

Huang emphasized the importance of reciprocity in a report to the 14th Kuomintang National Congress, pointing out that in the past few years Taiwan has sought to avoid confrontation only to have its efforts ignored by the mainland.

Huang said that insufficient information and man-made barriers are hindering the development of a meaningful relationship. He also blamed Beijing for blocking Taiwan's participation in international activities.

If the mainland would reduce its hostility toward Taiwan, he said, direct transportation and communication between the two could become a reality.

And instead of selling its "one country, two systems" propaganda, Beijing would be better served by coming up with some pragmatic proposals for the advancement of cross-strait ties, Huang said.

Hong Kong

Mainland Notifies Territory of Military Exercise

HK1708090093 Hong Kong MING PAO in Chinese
17 Aug 93 p A2

[Article by MING PAO reconnaissance and reporting team: "Guangzhou Military Region Conducts Large-Scale Military Exercises Affecting the Hong Kong Aviation Zone; Airliners Must Inform the Chinese Side To Avoid Being Shot Down"]

[Text] In a rare move, the Guangzhou Aviation Center notified the Hong Kong civil aviation authorities the day before yesterday that, for 10 days starting yesterday, the Chinese military was to conduct military exercises in an area to the north of and bordering on the Hong Kong aviation intelligence zone [hang kong qing bao qu 5300 4500 1906 1032 0575]. It reminded the Hong Kong civil aviation authorities that, if its airliners enter the range of military exercises from the northerly air route, the Chinese authorities must be informed as quickly as possible.

Lok Kung-nam, director of civil aviation, last night confirmed having received the above notice from Guangzhou. He said: In the past, the Chinese side notified the Hong Kong Civil Aviation Department when its scientific research activities were going to affect Hong Kong's air routes. It has been learned that the notification that Hong Kong air routes may be affected as a result of military exercises is very rare. Moreover, the Guangzhou Aviation Center has not completely followed the international aviation practice by issuing an official written notice, called NOTAM [NOTAM as published] for short, to the aviation users likely to be affected. It only gave an oral notice through the direct telephone of the Hong Kong civil aviation control center. It refused to disclose the exact scope to be affected by the ongoing military exercises, the altitude, and the contents of exercises because these involved military secrets.

The Guangzhou Aviation Control Center called the Hong Kong Civil Aviation Department for the first time the night before last, saying that, between 0800 (Hong Kong time) to 1900 every day from yesterday until 25 August, there would be "frequent military movements" on the Chinese side and that the scope extends from the Guangzhou aviation intelligence zone, which lies to the northeast of Hong Kong, all the way to the south to the contiguous area between the Hong Kong and Guangzhou aviation intelligence zones. The Hong Kong Civil Aviation Department received an official NOTAM early yesterday, but the written notice only gives the specific site and affected area of artillery exercises in the wide range of military exercises. It did not mention other areas to be affected in the military exercises.

The Guangzhou Civil Aviation Control Center is said to have notified the Hong Kong Civil Aviation Department again by telephone yesterday morning that the military

exercises yesterday were canceled but the artillery exercises were to continue. Both exercises would be resumed today and continue through 25 August.

The notice on artillery exercises obtained by our reporter shows that the exercises are to be conducted in a range near the aviation contact point [jiao jie dian 0074 2234 7820] DOTMI [DOTMI as published] with a diameter of about 6.5 miles and that the affected altitude is 8,800 meters. The artillery exercise is conducted from 0800 to 1200 and from 1500 to 1900. As for the "frequent military exercises," the Chinese side only notified the Hong Kong Civil Aviation Department through the Guangzhou Aviation Control Center. It was also stated in the notice that, due to military secrets, it would not notify the civil aviation bureaus and airline companies of other regions. The military exercises are to be conducted between 0800 and 1900.

According to normal international aviation practice, if, owing to its temporary measures, an area affects the air routes of its neighboring areas, it should issue a NOTAM to the affected aviation users at least 24 hours before the measures come into effect. It should also detail the affected time, scope, and altitude.

A person in aviation circles said: Airliners entering Hong Kong air space from the direction of Taipei and Tokyo usually fly along the aviation contact point MAGOG [MAGOG as published] of the air route (089 degrees) due east of Cheung Chau, but, in case of bad weather, they are likely to fly off course.

In ordinary circumstances, to the south of the due east air route is the busy route for flights from Tokyo, Taipei, and other places to Bangkok and other Southeast Asian regions. Moreover, the airliners entering Hong Kong from the due east course usually leave by another imaginative course to its south. Consequently, if airliners entering Hong Kong are forced to fly off course, more often than not they will fly by the northerly route. In such a case, they will be very close to or enter the zone where the Chinese armed forces are conducting military exercises. At present, there is an airliner entering Hong Kong by the due east course at an average of every 5-10 minutes.

A person in aviation circles said: The military exercises are likely to affect the Hong Kong aviation intelligence zone. However, because the dividing line between the Guangzhou and Hong Kong aviation intelligence zones is not clearly defined in writing in accordance with international practice, and because DOTMI is a contact point which was set up when direct flight from Xiamen to Hong Kong was opened many years ago, the question of which aviation zone has control over the vicinity of DOTMI is still very vague. For this reason it is difficult for the Hong Kong Government to raise objections.

In line with the arrangements of international routes, the flights between Shantou and Hong Kong will very probably fly above the zone where the military exercises and artillery exercises are conducted. However, in answer to

this reporter's question by telephone, an official at the Shantou airport said he did not know whether there would be military exercises in the aviation zone near the airport between 16 and 25 August. During this period normal flights will not be affected.

Officials Raise 'Concerns'

HK1808022493 Hong Kong SOUTH CHINA
MORNING POST in English 18 Aug 93 p 3

[Report by Rachel Clarke]

[Text] Concerns have been raised by government officials at the lax way China informed Hong Kong of a potential danger to planes flying over Guangdong. Airline pilots have been warned to avoid an exclusion zone near the town of Haifeng, about 100 kilometres east of Hong Kong, while the area is used for a military exercise. Firing with live ammunition is to take place from 8 am to noon and from 3 pm to 7 pm each day until the exercise is completed next Wednesday.

The Civil Aviation Department (CAD) was first told of the exercise and asked to direct flights away from the area in a message to the air traffic control centre duty officer on Sunday. Only later was the normal procedure of issuing an official Notice To Airmen (NOTAM) followed by China, and the CAD director informed. Other government departments, such as the Security Branch and the Government Flying Service (GFS), have not been told of the exercise.

But while this is accepted, one official complained that, at the very least, the CAD should have received the official notice as the first communication from China rather than a message passed to a weekend duty officer. "It is difficult to criticise the Chinese, but there is some annoyance that they went about this the wrong way," one government official said. "The NOTAM is the official way to alert people not to fly over a certain area and that is how Hong Kong should have been informed. It is a shame that that did not come first."

The NOTAM, which is forwarded to all pilots, said the military exercise started on Monday and had an operating altitude of 8,800 metres. It is not clear what sort of weapons are being used during the exercise or what its aim is.

The mainstay of the People's Liberation Army (PLA) air defence system remains the SA-2 Guideline medium-range surface-to-air missile, an old but reliable weapon, one of which was used by the Soviet Union to shoot down the American U-2 spy plane of Gary Powers in 1960, defence sources said. More sophisticated missiles, similar to the Patriot system used by the United States against Iraqi attacks in the Gulf War, have been ordered by the PLA, although it is understood they have not yet been delivered.

Sources said that given the exclusion zone's relatively small diameter of just 13 nautical miles, the PLA could

just be using small anti-aircraft artillery as seen in the Bosnian conflict as well as their AK-47 rifles.

Flights to Hong Kong from Tokyo or Taipei would usually pass south of the exercise zone, although pilots tend to move northwards to avoid bad weather and that action is likely to be curtailed until the firing practice is over. Hong Kong air traffic controllers have been asked to alert their counterparts in the neighbouring Guangzhou flight information region if any planes are heading towards the exercise zone. But sources said there was no guarantee the exercise would be halted.

Spokesmen for various government departments, including the Security Branch and the GFS, yesterday confirmed they had not been notified of the PLA exercise. Helicopter patrols by the GFS around the border have not been affected, nor have any operations planned by the British Garrison. Cathay Pacific Airways and Dragonair said they did not expect their flights to be affected.

Article Previews PRC-UK Ministers' Meeting

HK1808015393 Hong Kong SOUTH CHINA
MORNING POST in English 18 Aug 93 pp 1, 3

[Report by Lana Wong in Beijing and Doreen Cheung]

[Text] Britain and China hope to resolve the less controversial aspects of the 1994/95 Hong Kong electoral arrangements when their respective foreign ministers, Douglas Hurd and Qian Qichen, meet in New York next month. Sources said yesterday that agreement could be reached on the functional constituency polls and the formation of an election committee when the two men meet on September 23. As the ninth round of talks ended in Beijing yesterday with little apparent progress on Governor Chris Patten's package of political reform, the sources said the time had come for some positive action.

The two-day session closed with both sides standing firm on the controversial through-train issue, which includes limiting the number of foreign passport holders in the post-1995 legislature to 12, and setting criteria for legislators to sit on Legco [the Legislative Council] after the handover to China in 1997.

While Britain maintained it was China's responsibility to devise measures to set a ceiling on the number of legislators holding foreign passports, Beijing's negotiators insisted that the criteria to become legislators by 1997 should be decided by the Preparatory Committee for the Special Administrative Region.

Given the discrepancies between the sides regarding the functional constituency polls and the election committee, a British source said China could not rely on Britain alone to make concessions.

Britain kicked off the present round by offering a compromise on functional constituency seats and the makeup of the election committee which will appoint 10

members to Legco in 1995. The new package is in stark contrast to that laid down by Mr Patten last October. It suggests cutting the number of people voting in the revamped functional constituency poll from 2.7 million to about one million and accepts the existing concept of functional constituencies for the nine new seats proposed for 1995.

Britain has also fallen into line with China's thinking on the election committee—that it should be made up of members of four groups (business, professionals, grassroots and former political figures) as spelled out in the Basic Law. The difference here lies in how the members might be chosen. But the British source maintained it was up to both sides to compromise in the coming rounds of talks, with the next round set for September 4 and 5, again in Beijing. A source close to mainland negotiators said the size of the functional constituencies would not be an issue while Britain accepted the existing concept of functional seats.

Although Britain had given up Mr Patten's idea of forming the election committee with directly elected district board members, London would try to push through a democratic way of electing members of the election committee on a "one man, one vote" basis, the source said. Britain hoped that the same method could be used in the formation of the selection committee to elect the first chief executive of the Special Administrative Region, the source said.

But mainland sources pointed out that China might accept a democratic method of choosing election committee members, but it was unlikely to allow the same method to decide selection committee members.

On the limiting of foreign passport holders in the 60-strong legislature to 12, the British source said it was difficult for London to disqualify any full British passport holders from becoming legislators in one of its colonies. It should be up to the Chinese side to devise measures to ensure the number of foreign passport holders in the legislature was curbed, as outlined in the Basic Law, the source said. Britain insisted that any councillors who swore to uphold the Basic Law and maintain allegiance to the Special Administrative Region should be able to straddle 1997.

Emerging from the second day of the talks, the British Ambassador to Beijing, Sir Robin McLaren, rejected suggestions that they had made it their objective to reach an agreement before their Foreign Ministers met. He admitted that both sides had agreed on a timetable for talks in September but declined to reveal the dates.

Sir Robin leaves for Britain today to attend official meetings, but he dismissed suggestions that the two-week break before the next meeting would affect the chances of striking a deal. He said those were only ordinary official meeting and not high-level meetings on Hong Kong.

Editorial Comments on UK's 'Concessions'

HK1808030193 Hong Kong SOUTH CHINA MORNING POST in English 18 Aug 93 p 16

[Editorial: "The Snail Speeds Up"]

[Text] Britain has injected a significant new element into the Beijing talks by tabling revised proposals for the 1995 Legislative Council elections. The move has produced a sign of optimism that it might speed up the snail's pace at which the negotiations have proceeded. The two foreign ministers, Qian Qichen and Douglas Hurd, are due to meet on September 23 and both sides dropped hints yesterday that by then they might be able to agree on reforms of the functional constituencies and the make-up of the committee which will appoint another 10 members of the 1995 legislature.

These are the issues on which Britain has offered its concessions. It has proposed cutting the number of people voting in a revamped functional constituency poll from 2.7 million to about one million. It also has fallen into line with China's thinking on the election committee—that it should be made up of members of four groups (business, professionals, grassroots and former political figures) as spelled out in the Basic Law. The difference here lies in how the members might be chosen.

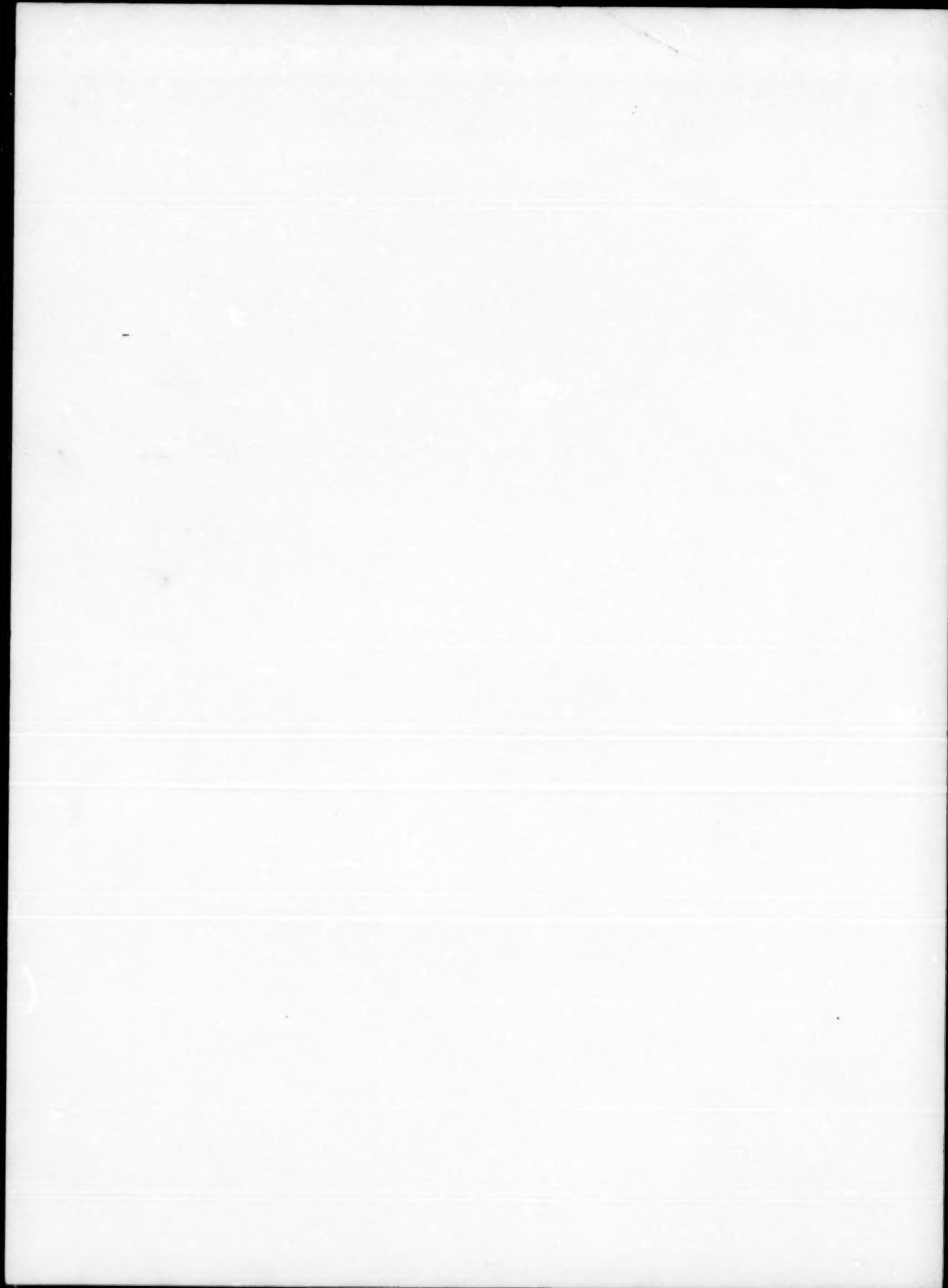
As a token of British willingness to negotiate seriously, the proposals stand in marked contrast to China's refusal to put forward any counter-proposals. It should be acknowledged that Britain is in a weak negotiating position. It is the one seeking change; China can sit back and watch Britain alter its proposals as it struggles to get something out of the talks. But by making the first concessions of substance, Britain has shown a genuine willingness to make progress: it has shown more "sincerity", that much-used word in the Chinese diplomatic vocabulary, than China has so far.

The new proposals undoubtedly are disappointing to China. Yet while the new plan falls short of China's self-interested desire to see the elections restricted to small groups of influential voters, the election committee proposal in particular is a retreat from the principles, as well as the details, of the Patten package. The plan to elect the committee by universal, though indirect, franchise is apparently no longer on the table. The Governor

has said from the start he is open to counter-suggestions from China, an indication that his plan was to demand as much as he hoped for, while being prepared to negotiate for what he could get. Now that Britain has made the first move, China should respond—if it desires, in the interests of Hong Kong's future, eventually to bring the dispute with Britain to an end.

But Britain should make it clear its offer can be withdrawn if China remains unmoved. To make further

unilateral concessions would be to fall into the trap which so fatally ensnared previous British negotiators. Even Sir Percy Cradock, foremost among the old-style negotiators, has admitted the talks could reach a satisfactory conclusion provided the British side is tough. Sir Robin McLaren and his team should take that advice to heart. Free and fair elections, acceptable to the people of Hong Kong, are worth fighting for, even though Britain has shown it thinks there is more than one set of arrangements which meet these criteria.



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